Free Trade Agreement between the Government of Costa Rica and the Government of the State of Israel

PREAMBLE

The Government of the Republic of Costa Rica (hereinafter referred to as "Costa Rica") and the Government of the State of Israel (hereinafter referred to as "Israel") (hereinafter referred to as the "Parties"):

RECOGNIZING their long-standing and strong relations, and desiring to strengthen their close economic ties;

CONVINCED that a free trade area will create an expanded and secure market for goods and services in their countries and a stable and predictable environment for investment, thereby enhancing the competitiveness of their companies in global markets;

SEEKING to establish clear and mutually advantageous rules governing their trade and investment and to eliminate barriers to trade and investment between them;

HAVING THE OBJECTIVE of establishing a clear, transparent, and predictable legal and commercial framework for business planning that supports further expansion of trade and investment;

RESOLVED to contribute to the harmonious development and expansion of world trade and to promote broader international cooperation;

DETERMINED to support the growth and development of micro, small, and medium-sized enterprises by enhancing their ability to participate in and benefit from the opportunities created by this Agreement;

DESIRING to strengthen mutually beneficial cooperation to foster creativity and innovation, and to promote greater linkages within and between sectors of their economies; and

REAFFIRMING and building upon their respective rights and obligations under the Marrakesh Agreement establishing the World Trade Organization and other multilateral and bilateral agreements and arrangements to which both are parties;

HAVE AGREED as follows:

Chapter 1. INITIAL PROVISIONS AND GENERAL DEFINITIONS

Section A. INITIAL PROVISIONS

Article 1.1. ESTABLISHMENT OF A FREE TRADE AREA

In accordance with Article XXIV of GATT 1994 and Article V of GATS, the Parties establish a free trade area in accordance with the provisions of this Agreement.

Article 1.2. OBJECTIVES

The objectives of this Agreement, as further specified in its provisions, are:

(a) to eliminate barriers to trade in goods and services and to facilitate the movement of goods and services between the Parties;

(b) to promote conditions of competition in the free trade area established in Article 1.1; (c) to substantially increase investment opportunities between the Parties; and

(d) promote cooperation between the Parties in the areas covered by this Agreement.

Article 1.3. RELATIONSHIP TO OTHER AGREEMENTS

1. The Parties affirm their existing rights and obligations to each other under existing bilateral and multilateral agreements to which both Parties are parties, including the WTO Agreement or successor agreements to the WTO Agreement to which both Parties are parties.

2. In the event of any inconsistency between this Agreement and the agreements referred to in paragraph 1, this Agreement shall prevail to the extent of the inconsistency, unless otherwise provided in this Agreement.

Article 1.4. REFERENCE TO OTHER AGREEMENTS

1. Where this Agreement refers to or incorporates by reference other agreements or legal instruments in whole or in part, such references shall include related footnotes, interpretative notes, and explanatory notes that are binding on both Parties.

2. Where this Agreement incorporates by reference other international agreements or legal instruments, in whole or in part, where the reference confirms existing rights, such reference shall also include, as appropriate, a successor or subsequent agreement to which both Parties are parties, or an amendment binding on both Parties. The Parties may consult with a view to considering the amendment of the relevant provision of this Agreement, as appropriate, in accordance with Article 20.2.

Article 1.5. SCOPE OF OBLIGATIONS

The Parties shall ensure that all necessary measures are taken to give effect to the provisions of thisAgreement.

Section B. GENERAL DEFINITIONS

Article 1.6. DEFINITIONS

For the purposes of this Agreement, unless otherwise specified:

WTO Agreement means the Marrakesh Agreement establishing the World Trade Organization, done on April 15, 1994.

Agreement on Safeguards means the Agreement on Safeguards, contained in Annex 1A to the WTO Agreement;

SCM Agreement means the Agreement on Subsidies and Countervailing Measures, contained in Annex 1A to the WTO Agreement;

Agreement on Customs Valuation means the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, contained in Annex 1A to the WTO Agreement;

GATS means the General Agreement on Trade in Services, contained in Annex 1B to the WTO Agreement;

customs duty includes any tax or duty on importation and any charge of any kind imposed in connection with the importation of a good, including any form of surcharge or surtax in connection with such importation, but does not include any:

(a) a charge equivalent to an internal tax established in accordance with Article III:2 of GATT 1994 or any equivalent provision of a successor agreement to which both Parties are parties;

(b) anti-dumping, countervailing, or safeguard duties imposed under the laws of a Party, in accordance with the WTO Agreement, including the GATT 1994, the Anti- Dumping Agreement, the SCM Agreement, and the Agreement on Safeguards, and in accordance with Chapter 7 (Trade Remedies);

(c) a fee or other charge related to importation, proportional to the cost of services provided; or

(d) a duty imposed under any agricultural safeguard measure adopted under Article 5 of the Agreement on Agriculture, contained in Annex 1A to the WTO Agreement,

Joint Committee means the Joint Committee established under Article 17.1 (Joint Committee);

days means calendar days;

enterprise means any entity constituted or organized under applicable law, whether for profit or not, and whether privately or governmentally owned or controlled, including any corporation, trust, partnership, sole proprietorship, joint venture,

association, or similar organization;

existing means in force on the date this Agreement enters into force;

GATT 1994 means the General Agreement on Tariffs and Trade 1994, contained in Annex 1A of the WTO Agreement;

Measure covers any measure whether in the form of a law, regulation, rule, procedure, decision, administrative action, practice, or any other form;

goods means domestic products as understood in GATT 1994 or those goods that the Parties may agree upon, and includes goods originating in that Party;

WTO means the World Trade Organization; originating means qualifying under the rules of origin set out in Chapter 3 (Rules of Origin); person means a natural person or an enterprise;

person of a Party means a national or an enterprise of a Party;

SME means a small and medium-sized enterprise, including a microenterprise (1);

(1) For greater certainty, a start-up company that meets the definition of an SME falls within the scope of this Agreement.

Harmonized System (HS) means the Harmonized Commodity Description and Coding System, including its General Rules of Interpretation, Section Notes, Chapter Notes, and Subheading Notes, and subsequent amendments thereto, as adopted and implemented by the Parties in their respective tariff laws;

preferential tariff treatment or preferential treatment means the tariff rate applicable under this Agreement to an originating good; and

territory means: (a) with respect to Israel, the territory where its customs laws apply; and. (b) with respect to Costa Rica, its national territory, including its airspace and maritime space, where the State exercises complete and exclusive sovereignty or special

jurisdiction in accordance with Articles 5 and 6 of the Constitution of the Republic of Costa Rica and international law.

Chapter 2. NATIONAL TREATMENT AND ACCESS TO GOODS MARKETS

Article 2.1. SCOPE

Unless otherwise provided in this Agreement, this Chapter shall apply to trade in goods between the Parties.

Section A. NATIONAL TREATMENT

Article 2.2. NATIONAL TREATMENT

1. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994, including its interpretative notes, and for this purpose Article III of GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, mutatis mutandis.

2. Paragraph 1 shall not apply to the measures listed in Annex 2-A.

Section B. REDUCTION OR ELIMINATION OF CUSTOMS DUTIES

Article 2.3. REDUCTION OR ELIMINATION OF CUSTOMS DUTIES

1. Unless otherwise provided in this Agreement, no Party may increase an existing customs duty or adopt a new customs duty on a good originating in the other Party.

2. Unless otherwise provided in this Agreement, each Party shall reduce or eliminate its customs duties on goods originating in the other Party, in accordance with its Schedule in Annex 2-B.

3. If at any time a Party reduces its Most-Favored-Nation (MFN) tariff rate after the date of entry into force of this Agreement, that tariff rate shall apply, with respect to trade covered by this Agreement, if, and as long as it is lower than the customs duty calculated in accordance with its Schedule included in Annex 2-B.

4. At the request of any Party, the Parties shall consult to examine the acceleration of the reduction or elimination of customs duties established in their Lists in Annex 2-B. Following such consultations, a decision of the Joint Committee on the acceleration of the reduction or elimination of the customs duty on a good shall prevail over any customs duty or category of relief under their Schedules to Annex 2-B for such good, in accordance with paragraph 3(d) of Article 17.1 (Joint Committee).

5. For greater certainty, a Party may:

(a) increase a customs duty to the level set out in its Schedule to Annex 2- B following a unilateral reduction; or

(b) maintain or increase a customs duty when authorized by the WTO Dispute Settlement Body.

Article 2.4. CLASSIFICATION AND VALUATION OF GOODS

1. The classification of goods traded between the Parties shall be that established in each Party's tariff nomenclature, in accordance with the Harmonized System and its periodic amendments.

2. A Party may introduce changes to its tariff nomenclature, including new tariff openings or mergers, provided that the preferential conditions applied to the new tariff opening are no less favorable than those originally applied.

3. For the purposes of determining the customs value of goods traded between the Parties, the provisions of Article VII of GATT 1994, its interpretative notes, and the Agreement on Customs Valuation shall apply mutatis mutandis.

Section C. SPECIAL REGIMES

Article 2.5. TEMPORARY ADMISSION OF GOODS

1. Each Party shall ensure the temporary admission free of customs duties of the following goods, regardless of their origin:

(a) professional equipment, including press or television equipment, computer programs, and broadcasting and cinematography equipment, necessary for the exercise of the business, trade, or profession of the person qualifying for temporary entry in accordance with the legislation of the importing Party;

(b) goods intended for exhibition or demonstration; (c) trade samples, films, and advertising recordings; and (d) goods admitted for sporting purposes.

2. Each Party shall, at the request of the person concerned and for reasons deemed valid by its customs authority, extend the period of temporary admission beyond the period initially fixed.

3. No Party shall make the temporary admission free of customs duties of goods referred to in paragraph 1 subject to conditions other than that the goods:

(a) be used solely by or under the personal supervision of a national or resident of the other Party in the course of that person's business, trade, profession, or sport,

(b) not be sold or leased while in its territory;

(c) be accompanied by a bond in an amount not exceeding the charges that would be payable in the case of entry or final importation, refundable upon departure of the goods;

(d) is capable of identification upon exportation;

(e) is exported upon the departure of the person referred to in subparagraph (a), or within a period corresponding to the purpose of temporary admission, which the Party may establish, or within one year, unless extended;

(f) is admitted in quantities not greater than are reasonable in relation to the intended use; and

(g) is otherwise admissible in the territory of the Party in accordance with its law.

4. If any of the conditions imposed by a Party under paragraph 3 have not been met, the Party may apply the customs duty and any other charge that would normally be payable on the goods, plus any other charge or penalty established under its

law.

5. Each Party shall adopt or maintain procedures to facilitate the expeditious clearance of goods admitted under this Article. To the extent possible, where such goods accompany a national or resident of the other Party who is seeking temporary entry, those procedures shall allow the goods to be cleared simultaneously with the entry of that national or resident.

6. Each Party shall permit goods temporarily admitted under this Article to be exported through a customs port other than the port through which they were admitted.

7. Each Party shall provide that the importer or other person responsible for goods admitted under this Article shall be exempt from any liability for the inability to export the goods upon presenting satisfactory evidence to the importing Party that the goods have been destroyed within the original period fixed for temporary admission or any lawful extension thereof.

Article 2.6. GOODS REIMPORTED AFTER REPAIR OR ALTERATION

1. No Party shall apply a customs duty to a good, regardless of its origin, that has been re- entered into its territory after having been temporarily exported from its territory to the territory of the other Party for repair or alteration, regardless of whether such repairs or alterations could have been performed in the territory of the Party from which the good was exported for repair or alteration.

2. No Party shall apply a customs duty to a good, regardless of its origin, temporarily imported from the territory of the other Party for repair or alteration.

Article 2.7. DUTY-FREE IMPORTATION OF COMMERCIAL SAMPLES OF INSIGNIFICANT VALUE AND PRINTED ADVERTISING MATERIALS

Each Party shall authorize the duty-free importation of commercial samples of negligible value and printed advertising material imported from the territory of the other Party, regardless of their origin, but may require that:

(a) the samples be imported solely for the purpose of soliciting orders for goods or services from the territory of the other Party or from another country that is not a Party; or

(b) the advertising materials be imported in packages containing no more than one

printed copy each and that neither the materials nor the packages form part of a larger shipment.

Section D. NON-TARIFF MEASURES

Article 2.8. IMPORT AND EXPORT RESTRICTIONS

1. Except as otherwise provided in this Agreement, no Party shall adopt or maintain any prohibition or restriction on the importation of any goods of the other Party or on the exportation or sale for export of any goods destined for the territory of the other Party, except as provided in Article XI of GATT 1994 and its interpretative notes, and for this purpose, Article XI of GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, mutatis mutandis.

2. Paragraph 1 shall not apply to the measures listed in Annex 2-A.

Article 2.9. RULES OF ORIGIN AND COOPERATION BETWEEN CUSTOMS AUTHORITIES

The rules of origin applicable between the Parties to goods covered under this Agreement and the methods of administrative cooperation are set out in Chapter 3 (Rules of Origin).

Article 2.10. CHARGES AND ADMINISTRATIVE FORMALITIES

1. Each Party shall ensure that all fees and charges established in connection with importation and exportation are consistent with its obligations under Article VIII.1 of GATT 1994 and its interpretative notes, which are incorporated into and made part of this Agreement, mutatis mutandis.

2. No Party shall require consular transactions, including related fees and charges, in connection with the importation of any goods of the other Party.

3. Each Party shall make available and maintain, via the Internet, an updated list of fees or charges imposed in connection with importation or exportation.

Article 2.11. MINIMUM EXPORT PRICE

1. This chapter does not prevent Costa Rica from applying the minimum export price for bananas, in accordance with its domestic legislation.

2. If, after the entry into force of this Agreement, Costa Rica reduces or eliminates such minimum export price to a non-Party country, Costa Rica shall grant the same treatment to Israel.

Article 2.12. TAXES, LEVIES AND OTHER EXPORT CHARGES

1. No Party may adopt or maintain any tax, levy, or charge on the export of any merchandise to the territory of the other Party, unless such tax, levy, or charge is also adopted or maintained on the merchandise when it is intended for domestic consumption.

2. This paragraph shall not apply to the measures listed in Annex 2-C.

Article 2.13. STATE TRADING ENTERPRISES

1. The Parties affirm their existing rights and obligations under Article XVII of GATT 1994, its interpretative notes, and the Understanding on the Interpretation of Article XVH of GATT 1994, contained in Annex 1A to the WTO Agreement, which are incorporated into and made part of this Agreement, mutatis mutandis.

2. When one Party requests information from the other Party on individual cases involving state trading enterprises, the manner of their operation, and the effect of their operations on bilateral trade, the requested Party shall take into account the need to ensure the greatest possible transparency, without prejudice to the provisions of Article XVII.4(d) of GATT 1994 on confidential information.

Section E. INSTITUTIONAL PROVISIONS

Article 2.14. SUBCOMMITTEE ON MARKET ACCESS FOR GOODS

1. The Parties establish the Subcommittee on Market Access for Goods, composed of representatives of each Party.

2. The Parties may decide, at the request of a Party, to hold a meeting of the Subcommittee on Market Access for Goods, either in person or by any other technological means agreed upon by the Parties, to consider and provide recommendations, if appropriate, to the Joint Committee on the following matters:

(a) review of matters related to the implementation of this Chapter, Chapter 5 (Sanitary and Phytosanitary Measures), and Chapter 6 (Technical Barriers to Trade);

(b) acceleration or improvement of the scope of preferential treatment or tariff elimination under this Chapter;

(c) any other matter within the scope of this Chapter, Chapter 5 (Sanitary and Phytosanitary Measures), and Chapter 6 (Technical Barriers to Trade), as directed by the Joint Committee.

Section F. DEFINITIONS

Article 2.15. DEFINITIONS

For the purposes of this Chapter:duty-free means free of customs duties;

printed advertising materials means those goods classified in Chapter 49 of the Harmonized System, including brochures, printed matter, leaflets, commercial catalogs, trade association yearbooks, tourist promotional materials, and posters, which are used. to promote, publish, or advertise a good or service, with the intention of advertising a good or service, and are distributed free of charge;

goods intended for display or demonstration include their components, auxiliary devices, and accessories;

commercial samples of negligible value means commercial samples valued, individually or in the shipment as a whole, at not more than the amount specified in the laws, regulations, or procedures of a Party governing temporary admission, or which are marked, torn, perforated, or otherwise treated so as to disqualify them for sale or for any use other than as samples;

advertising films and recordings means recorded visual media or audio materials, consisting essentially of images and/or sound that show the nature or functioning of goods or services offered for sale or rental by a person established or resident in the territory of a Party, provided that such materials are suitable for display to potential customers but not for dissemination to the general public;

consular transactions means requirements that goods of one Party intended for export to the territory of the other Party must first be presented for inspection by the consul of the importing Party in the territory of the exporting Party for the purpose of obtaining consular invoices or consular visas for commercial invoices; certificates of origin, manifests, shippers export declarations, or any other customs documents required for or in connection with importation.

Chapter 3. RULES OF ORIGIN

Section A. DETERMINATION OF ORIGIN

Article 3.1. DEFINITIONS

For the purposes of this Chapter:

aquaculture means the cultivation of aquatic organisms, including fish, mollusks, crustaceans, other aquatic invertebrates, and aquatic plants, from breeding stock such as eggs, immature fish, fry, and larvae, through intervention in the breeding or growth process to increase production, such as, inter alia, regular provisioning, feeding, and protection from predators;

Customs authority means:

(a) for Israel, the Customs Directorate of the Tax Authority of the Ministry of Finance of Israel; and

(b) for Costa Rica, the National Customs Service, or its successor; exporter means a person located in a Party (1);

(1) For Israel, as defined in its national legislation.

manufacture means any type of processing or transformation, including assembly or specific operations;

material means any ingredient, raw material, component, or part, among others, used in the production of a good;

goods means both materials and products;

non-originating goods or non-originating material means goods or materials that do not qualify as originating in accordance with this Chapter;

non-Party means any country other than Israel and Costa Rica;

ex-factory price means the ex-factory price paid for the goods to the manufacturer in the Party where the last processing or transformation took place, provided that this price includes the value of all materials used, after deduction of any internal taxes that are or may be refunded or reimbursed when the goods obtained are exported;

Harmonized System ("HS") means the Harmonized Commodity Description and Coding System, including its General Rules of Interpretation, Section Notes, Chapter Notes, and Subheading Notes, and subsequent amendments thereto, as adopted and implemented by the Parties in their respective customs legislation;

CIF value means the value of the goods at the time of importation, including freight and insurance, packaging, and all other costs incurred in transporting the goods to the port of importation or place of entry into the country of importation, regardless of the means of transport used.

Article 3.2. ORIGINATING GOODS

1. For the purposes of applying this Agreement, the following goods shall be considered as originating in a Party:

(a) goods wholly obtained or produced there, in accordance with Article 3.4;

(b) goods produced there exclusively from originating materials; or

(c) goods that have undergone sufficient working or processing there, in accordance with Article 3.5.

2. In each of the cases provided for in paragraph 1, the goods must satisfy all other requirements applicable under this Chapter.

Article 3.3. CUMULATION OF ORIGIN

1. Notwithstanding Article 3.2, goods originating in one Party shall be considered as goods originating in the other Party, and it shall not be necessary for such goods to have undergone sufficient processing or transformation in accordance with Article 3.5.

2. Where each Party has separately entered into or enters into a free trade agreement, consistent with Article XXIV of GATT 1994, with the same non-Party country, and the goods qualify for preferential tariff treatment in accordance with the agreement concluded between one of the Parties and the non-Party country, the goods shall be considered as originating in accordance with this Agreement if they are used as material in the production of another good in the territory of a Party.

3. The Parties shall, by decision of the Joint Committee, agree on the conditions for the implementation of paragraph 2 within one year of the entry into force of this Agreement.

Article 3.4. WHOLLY OBTAINED OR PRODUCED GOODS

The following goods shall be considered as wholly obtained or produced in a Party:

(a) mineral products and other natural resources extracted or taken from the soil, waters, seabed, or subsoil of a Party;

(b) plants, plant products, and vegetable products cultivated, harvested, gathered, or collected there;

(c) live animals born and raised there; goods obtained from live animals there;

(d) goods obtained from hunting, trapping, gathering, fishing, harvesting, or aquaculture carried out on the land territory, inland waters, or territorial sea of a Party;

(e) seafood and other marine goods obtained from waters, the seabed or subsoil outside the territorial sea of a Party solely by a vessel registered or licensed ina Party and entitled to fly its flag;

(f) goods produced or processed on board a factory ship exclusively from goods referred to in subparagraph (f) of this Article, provided that such factory ship is registered or licensed in a Party and entitled to fly its flag;

(g) goods, other than marine fishery products and other marine goods, taken or extracted from waters, the seabed or subsoil outside the territorial sea of a Party, provided that such Party has the right to exploit such waters, seabed or subsoil;

(h) used articles collected there, suitable only for disposal or recovery of raw materials;

(i) waste and scrap resulting from utilization, consumption, or manufacturing operations carried out there; and

(j) goods produced there exclusively from the goods referred to in subparagraphs (a) to (j) of this Article, or from their derivatives, at any stage of production.

Article 3.5. SUFFICIENT PROCESSING OR TRANSFORMATION

1. For the purposes of Article 3.2, paragraph 1 (c), goods that are not wholly obtained shall be considered to have been sufficiently processed or transformed when they meet the conditions set forth in Annex 3-A on Product-Specific Rules of Origin.

2. These conditions indicate, for all goods covered by this Agreement, the working or processing that must be carried out on non-originating materials used in manufacturing, and apply only in relation to such materials. Consequently, if non-originating materials undergo sufficient working or processing, resulting in an originating product, and that product is used in the subsequent manufacture of another product, the content of the non-originating materials incorporated in it shall not be taken into account.

Article 3.6. DE MINIMIS

1. Notwithstanding the provisions of Article 3.5, a good that does not meet a change in tariff classification under Article 3.5, paragraph 1, and Annex 3-A shall be considered originating if:

(a) the value of all non-originating materials used in its production, which do not comply with the required change in tariff classification, does not exceed 10 percent of the ex-works price of the goods; and

(b) the goods meet all other applicable criteria set forth in this Chapter to be considered originating goods. None of the percentages set forth in Annex 3- A for the maximum value of non-originating materials shall be exceeded through the application of this paragraph.

2. A good covered by Chapters 50 through 63 of the HS shall be considered to have met a change in tariff classification if the weight of all non-originating materials used in the production of the good that do not meet the required change in tariff classification does not exceed 10 percent of the weight of the good.

Article 3.7. INSUFFICIENT PROCESSING OR TRANSFORMATION

1. The following operations shall be considered insufficient working or processing to confer originating status, whether or not the requirements of Article 3.5 are met:

(a) those intended to ensure the preservation of the goods during transport and storage;

(b) the simple change of packaging or the division or grouping of packages;

(c) washing, cleaning, dust removal, sterilization, rust removal, oil removal, paint removal, or other coating removal;

(d) simple painting and polishing operations, including the application of oil;

(e) the husking, total or partial bleaching, polishing, and glazing of cereals and tice;

(f) ironing or pressing of textiles;

(g) sugar coloring operations or the formation of sugar lumps;

(h) the shelling, de-stoning, and peeling of fruit, nuts, and legumes;

(i) sharpening, simple grinding, or simple cutting;

(j) sifting, screening, selecting, sorting, grading, preparing sets or assortments (including the formation of sets of items);

(k) affixing or printing marks, labels, logos, and other similar distinctive signs on products or their packaging;

(l) simple dilution in water or other substances, provided that the characteristics of the goods remain unchanged;

(m) simple placing in bottles, cans, jars, bags, cases, boxes, placing on cardboard. or boards, and any other simple packaging operation;

(n) simple assembly of parts of articles to form a complete article or disassembly of goods into their parts;

(o) simple mixing of goods, whether or not of different kinds;

(p) the slaughter of animals; or

(q) the combination of two or more of the above operations.

2. All operations carried out in any of the Parties on a given product shall be considered together to determine whether the working or processing carried out on that product is to be considered insufficient within the meaning of paragraph 1.

3. For the purposes of this Article:

(a) simple refers to activities that do not require special skills, machinery, apparatus, or equipment specially manufactured or installed to carry out the activity.

(b) simple mixing refers to activities that do not require special skills, machinery, apparatus, or equipment specially manufactured or installed to carry out the activity. However, simple mixing does not imply a chemical reaction. A chemical

reaction means a process (including a biochemical process) that results in a molecule with a new structure through the breaking of intramolecular bonds and the formation of new intramolecular bonds, or through the alteration of the spatial arrangement of atoms ina molecule.

Article 3.8. ACCESSORIES, SPARE PARTS, AND TOOLS

Each Party shall provide that accessories, spare parts, and tools that are shipped with equipment, machinery, apparatus, or vehicles that form part of their normal equipment and are included in their price, or that are not billed separately, shall be considered an integral part of the equipment, machinery, apparatus, or vehicle in question.

Article 3.9. UNIT OF QUALIFICATION

1. The unit of qualification for the application of the provisions of this Chapter shall be the specific merchandise considered as the basic unit at the time of determining its classification using the HS nomenclature. It shall be considered that:

(a) when a good consisting of a group or set of articles is classified under a single HS heading, the set constitutes the unit of qualification;

(b) when a shipment consists of several identical goods classified under the same HS heading, each good shall be considered individually for the application of the provisions of this Chapter.

2. Where, in accordance with General Rule 5 of the HS, packaging is included with the goods for classification purposes, it shall be included for the purposes of determining origin.

Article 3.10. SETS OR ASSORTMENTS

Sets or assortments, as defined in General Rule 3 of the HS, shall be considered originating when all components of the goods are originating. However, when a set or assortment consists of both originating and non-originating goods, it shall be considered originating as a whole if the value of the non-originating goods does not exceed 15 percent of the ex- works price of the set or assortment.

Article 3.11. NEUTRAL ELEMENTS

For the purpose of determining whether a good is originating, the origin of the following neutral elements that may be used in its manufacture shall not be taken into account:

(a) fuel and energy;

(b) facilities, equipment, and their spare parts;

(c) machinery, tools, dies, and molds;

(d) equipment, devices, and supplies used for the verification or inspection of goods;

(e) goods that do not enter and are not intended to enter into the final composition of the goods.

Article 3.12. ACCOUNTING SEPARATION OF FUNGIBLE MATERIALS

1. For the purposes of determining whether goods are originating, when identical and interchangeable consumable materials, both originating and non-originating, are used in their manufacture, such materials shall be physically separated according to their origin during storage. Identical and interchangeable consumable materials are those materials that are of the same type and commercial quality and that, once incorporated into the finished goods, cannot be distinguished from each other for the purposes of determining origin.

2. Where there are significant costs or material difficulties in maintaining separate inventories of originating and non-originating consumable materials that are identical and interchangeable, a producer may use an accounting method to manage such inventories.

3. The accounting method shall be recorded, applied, and maintained in accordance with generally accepted accounting principles applicable and recognized in the Party where the goods are manufactured and shall be capable of ensuring that, for a specific reference period, in accordance with the legislation of the exporting Party, no more goods are granted originating status than would be granted if the materials had been physically separated.

4. A producer using an accounting method in accordance with paragraphs 2 and 3 shall keep all documentary evidence of the origin of consumable materials.

Article 3.13. PRINCIPLE OF TERRITORIALITY

1. The conditions relating to the acquisition of originating status set out in Article 3.2 must be fulfilled without interruption in either Party.

2. When originating goods exported from a Party to a non-Party are returned to the exporting Party, they shall be considered non-originating, unless it can be demonstrated to the satisfaction of the customs authority that:

(a) the returned goods are the same as those that were exported; and

(b) have not undergone any operations beyond those necessary to preserve them in good condition while they were in that non-Party or while they were being exported.

3. Notwithstanding paragraphs 1 and 2, the acquisition of originating status in accordance with the conditions set out in this Chapter shall not be affected by working or processing carried out outside a Party on materials exported from a Party and subsequently reimported there, provided that:

(a) such materials are wholly obtained in a Party or have undergone working or processing beyond the operations referred to in Article 3.7 before being exported;

(b) it is demonstrated to the satisfaction of the customs authority that:

(i) the reimported goods have been obtained by processing or transformation of the exported materials;

(ii) such processing or transformation does not result in a change in the six-digit HS classification of such reimported goods; and

(iii) the total value added acquired outside a Party, through the application of the provisions of this Article, does not exceed 10 percent of the ex-works price of the final merchandise for which originating status is claimed;

(c) the provisions of subparagraph (b)(iii) shall not apply to goods that do not mect the conditions set forth in Article 3.5; and

(d) the conditions set forth in Article 3.6 shall not apply to the material referred to in subparagraph (a).

4. For the purposes of applying the provisions of paragraph 3, total added value means all costs incurred outside the Party, including the value of materials incorporated there.

5. Any processing or transformation of the type covered by the provisions of this Article and carried out outside the Party shall be carried out in accordance with the outward processing regime or similar regimes.

6. Paragraphs 3 to 5 shall apply after the Jomt Committee has adopted a decision on the conditions for their implementation, within one year of the entry into force of this Agreement.

Article 3.14. DIRECT TRANSPORT

1. The preferential treatment provided for in this Agreement shall apply only to goods that meet the requirements of this Chapter, transported directly between the Parties. However, goods may be transported through other territories, with transit, transshipment, or temporary storage in those territories, provided that the goods:

(a) remain under the supervision of the customs authorities in those territories; and.

(b) are not subject to operations other than unloading, reloading, packing, labeling, splitting shipments, or other operations intended to preserve them in good condition or to transport them to the territory of the importing Party.

2. Evidence that the conditions set out in paragraph 1 have been met shall be provided to the customs authority of the importing Party by presenting:

(a) transport documents, such as the air waybill, bill of lading, or multimodal or combined transport document, certifying transport from the exporting Party to the importing Party, for goods transiting or transshipping through a non- Party. In such cases, a certificate issued by the customs authority of the non- Party is not required;

(b) transport documents, such as the air waybill, bill of lading, or multimodal or combined transport document, certifying

transport from the exporting Party to the importing Party, for goods temporarily stored in the territory of a non- Party. In addition, a certificate issued by the customs authority of the non- Party or by any other competent authority designated by the national legislation of the non-Party must be presented, containing an accurate description of the goods and the shipment; or

(c) in the absence of any of the above documents, any other document proving direct transport, in accordance with the national legislation of the importing Party.

3. Notwithstanding paragraphs 1 and 2, and in order to further integration and incorporation into value chains, the Parties establish a mechanism that allows goods of origin listed in Annex 3-B to retain their originating status when such goods:

(a) are entered into the territory of a non-Party with which both Parties have separately concluded a Free Trade Agreement in accordance with Article XXIV of GATT 1994 and is listed in Annex 3-C;

(b) have not undergone further processing other than the operations set forth in Article 3.7, and the value added by such processing does not exceed 10% of the ex-works price; and

(c) are supported by a Processing Declaration, submitted in accordance with the conditions set forth in this Article, which shall be attached to the Declaration of Origin. Such document shall form an integral part of the Declaration of Origin.

4. The Parties, by decision of the Joint Committee, shall agree on the details and conditions to be included in the Processing Declaration for the purposes of implementing paragraph 3(c), within one year of the entry into force of this Agreement.

5. The Joint Committee may, in accordance with the objectives of this Agreement, amend:

(a) Annex 3-B referred to in paragraph 3, in order to incorporate additional goods; and

(b) Annex 3-C referred to in paragraph 3, in order to incorporate additional non- Parties.

Article 3.15. EXHIBITIONS

1. Originating goods sent for exhibition in a non-Party and sold after the exhibition for importation into a Party shall, on importation, benefit from the provisions of this Agreement, provided that it is demonstrated to the satisfaction of the customs authorities that:

(a) these goods have been shipped by an exporter from a Party to a non-Party where the exhibition has been held and have been exhibited there;

(b) the goods have been sold or otherwise disposed of by the exporter to a person in a Party;

(c) the goods were consigned during the exhibition or immediately thereafter to the non-Party in the same condition as when they were consigned for exhibition; and

(d) From the moment they were sent to the exhibition, the goods have not been used for any purpose other than their presentation at that exhibition.

2. A Declaration of Origin shall be issued or made out in accordance with the provisions of this Chapter and shall be submitted to the customs authorities of the importing Party in the usual manner. The name and address of the exhibition shall be indicated on it. Where necessary, further documentary evidence relating to the conditions under which the goods have been exhibited may be requested.

3. Paragraph 1 shall apply to any exhibition, fair, or similar public event of a commercial, industrial, agricultural, or craft nature that is not organized for private purposes in warehouses or commercial premises for the sale of foreign goods, and during which the goods remain under customs control.

Section B. ORIGIN PROCEDURES

Article 3.16. DECLARATION OF ORIGIN

1. Goods originating in one Party, when imported into the other Party, shall benefit from the preferential tariff treatment established in this Agreement, upon presentation of a Declaration of Origin in accordance with the provisions of Article 3.17 and in accordance with the national legislation of the importing Party, which must be completed in English.

2. Notwithstanding paragraph 1, goods originating within the meaning of this Chapter shall, in the cases specified in Article

3.22, benefit from this Agreement without the need to present a Declaration of Origin.

Article 3.17. CONDITIONS FOR ISSUING A DECLARATION OF ORIGIN

1. A Declaration of Origin, as provided for in Article 3.16, shall be issued in a Party only by an exporter of that Party.

2. A Declaration of Origin may be issued if the goods in question can be considered to originate in a Party and meet the other requirements set forth in this Chapter.

3. A Declaration of Origin, the text of which is set out in Annex 3-D, shall be issued by the exporter by typing, stamping, or printing on the invoice or any other commercial document describing the goods in question in sufficient detail to enable them to be identified. The declaration may also be issued by hand; if the declaration is issued by hand, it must be written in permanent ink and in legible block letters.

4. If the exporter is not the producer of the goods, he may declare the origin of the goods only in cases where he has all the information required in the event of a verification of the origin of the goods.

5. In cases where the Declaration of Origin is included in a commercial document other than the invoice, such as the packing list or delivery note accompanying the goods, it must be issued in the exporting Party and include the exporterâs information, including their address in a Party.

6. A Declaration of Origin may be issued by the exporter before, on, or after the date of shipment of the goods.

7. In cases where, prior to the release of the goods from customs control (2), it is determined that a Declaration of Origin is illegible, defective, contains errors, or is not has been completed in accordance with this Agreement, the customs authority of the importing Party may grant the importer a period of time to submit a corrected Declaration of Origin, subject to the conditions established by the national legislation of the importing Party.

(2) This provision shall apply, in the case of Costa Rica, both before and after the release of the goods from customs control.

Article 3.18. SUBMISSION OF THE DECLARATION OF ORIGIN

The Declaration of Origin shall be submitted to the customs authority of the importing Party in accordance with the procedures established in that Party.

Article 3.19. PERIOD OF VALIDITY OF THE DECLARATION OF ORIGIN

1. A Declaration of Origin shall be valid for 12 months from the date of issue in the exporting Party and shall be submitted within that period to the customs authority of the importing Party.

2. A Declaration of Origin submitted to the customs authority of the importing Party after the deadline for submission set forth in paragraph 1 may be accepted for the purposes of applying preferential treatment when this document is not submitted by the expiration date due to exceptional circumstances.

3. In other cases of late submission, the customs authority of the importing Party may accept Declarations of Origin when the products have been presented to them before the expiration of that period.

Article 3.20. APPLICATION FOR PREFERENTIAL TARIFF TREATMENT AFTER IMPORTATION

Each Party shall provide that, where a good qualifies as originating under this Agreement at the time of its importation into the territory of that Party, and the importer does not have a valid Declaration of Origin in its possession, such goods may be released without the presentation of the Declaration of Origin at the time of importation, provided that the importer:

(a) declare at the time of importation, if required by the importing Party's domestic law, that the goods qualify as originating under this Agreement;

(b) submit, if required by the importing Party's domestic law, a deposit or guarantee equivalent to the amount of customs duties at the time of importation of the goods;

(c) submits, no later than six months after the date of importation, a valid Declaration of Origin; and

(d) provide other documents related to the direct transport of the goods, in accordance with Article 3.14, paragraph 2.

Article 3.21. PARTIAL IMPORTS

When, at the request of the importer and under the conditions established by the customs authority of the importing Party, dismantled or unassembled goods are imported in installments in accordance with General Rule 2(a) of the HS, a single Declaration of Origin for such goods shall be submitted to the customs authority at the time of importation of the first partial shipment.

Article 3.22. EXEMPTIONS FROM THE DECLARATION OF ORIGIN

1. Goods sent in small packages from private individuals to private individuals or forming part of travelers! personal luggage shall be admitted as originating goods without the need to present a Declaration of Origin, provided that such goods are not imported for commercial purposes and have been declared to meet the conditions required for the application of this Chapter and there is no doubt as to the veracity of such declaration. In the case of goods sent by mail, this declaration may be made on the customs declaration or ona sheet of paper attached to that document.

2. Occasional imports consisting exclusively of goods for the personal use of the recipients or travelers or their families shall not be considered commercial imports if it is evident from the nature and quantity of the goods that they are not intended for commercial purposes.

3. In addition, the total value of these goods may not exceed US$1,000 in the case of small packages or US$1,000 in the case of goods forming part of travelers' personal luggage.

Article 3.23. SUPPORTING DOCUMENTS

1. The exporter issuing a Declaration of Origin shall keep, for a period of at least five years from the date on which the Declaration of Origin was issued, the documents used to prove that the goods covered by a Declaration of Origin can be considered as goods originating in a Party and comply with the other requirements set out in this Chapter, which may consist, inter alia, of the following:

(a) direct evidence of the operations carried out by the exporter or producer to obtain the goods in question, as shown, for example, in their accounting records or internal accounting;

(b) documents proving the originating status of the materials used, issued or made out in a Party, where these documents are used in accordance with national legislation;

(c) documents proving the working or processing of materials in a Party, where these documents are used in accordance with national legislation;

(d) a declaration of origin proving the originating status of the materials used, issued or made out in a Party in accordance with this Chapter;

(e) appropriate evidence relating to the working or processing carried out outside the Parties in application of Article 3.13, demonstrating that the requirements of that article have been met.

2. The customs authority of the importing Party or the importer, in accordance with the national legislation of the importing Party, shall keep the Declaration of Origin and all other records related to the importation required by the importing Party for a minimum period of five years from the date of importation of the goods.

3. The records referred to in this Article may be kept in any medium that allows for their prompt retrieval, including, but not limited to, digital, electronic, or written format.

Article 3.24. DISCREPANCIES AND FORMAL ERRORS

1. The existence of minor discrepancies between the statements made in a Declaration of Origin and those made in the documents submitted to the customs authority in order to comply with the formalities required for the importation of goods shall not, ipso facto, invalidate the Declaration of Origin if it is duly verified that these documents correspond to the goods presented.

2. Obvious formal errors, such as typographical errors in a Declaration of Origin, shall not be sufficient grounds for rejecting this document, provided that these errors do not cast doubt on the accuracy of the statements made therein.

Article 3.25. VERIFICATION OF DECLARATIONS OF ORIGIN

1. Subsequent verification of a Declaration of Origin shall be carried out at random or when the customs authority of the importing Party has reasonable doubts about that document, the originating status of the goods in question, or compliance with the other requirements of this Chapter.

2. For the purposes of applying the provisions of paragraph 1, the customs authority of the importing Party shall return the Declaration of Origin, or a copy of this document, to the customs authority of the exporting Party, indicating, where appropriate, the reasons for the request for verification. Any document and any information obtained that suggests that the information contained in the Declaration of Origin is incorrect shall be submitted in support of the request for verification.

3. The verification shall be carried out by the customs authority of the exporting Party. To this end, it shall be empowered to require any type of evidence and to inspect the accounting records of the exporter or producer or to carry out any other verification deemed appropriate in relation to the origin and in accordance with the procedures of its national legislation.

4. If the customs authority of the importing Party decides to suspend the granting of preferential tariff treatment to the goods in question while awaiting the results of the verification, it shall offer the importer the release of the goods subject to any precautionary measures it deems necessary, in accordance with the procedures of its national legislation.

5. The customs authority that requested the verification shall be informed of the results of the verification within ten months. These results shall clearly indicate whether the goods can be considered as originating in the exporting Party or whether they meet the other requirements of this Chapter, as applicable.

6. In cases where the customs authority of the exporting Party does not provide a response within ten months of the date of the verification request, or if the response does not contain sufficient information to determine the origin of the goods, the requesting customs authority shall, except in exceptional circumstances, deny the benefit of preferences to the goods covered by the Declaration of Origin subject to verification.

7. If the customs authority of the importing Party is not satisfied with the results provided by the customs authority of the exporting Party, in exceptional circumstances and for justifiable reasons, the customs authority of the importing Party may carry out a verification in the exporting Party by means of:

(a) written requests for additional information, documents, or explanations from the customs authority of the exporting Party in relation to the results of the aforementioned verification. Such information shall be provided no later than 90 days after receipt of such a request from the customs authority of the importing Party; or

(b) a verification visit to the exporter's or producer's premises in the exporting Party. To this end:

(i) the customs authority of the importing Party shall give advance written notice to the customs authority of the exporting Party of the importing Party's intention to conduct a visit to the exporter's or producer's premises;

(ii) the exporting Party shall set a date for the visit, subject to agreement between the exporter or producer, the importing Party, and the exporting Party. The visit shall take place no later than 90 days after receipt of the written notification from the customs authority of the exporting Party;

(iii) officials of the exporting Party shall assist officials of the importing Party in their visit and accompany them to the exporter's or producer's premises, unless otherwise agreed; and

(iv) The customs authority of the importing Party conducting the verification shall provide the customs authority of the exporting Party with a written determination of whether the goods qualify as originating goods, including the factual findings and legal basis for the determination, no later than 60 days after the visit.

8. If the goods are determined not to be originating, preferential treatment may be denied to goods covered by the verification-subject Declaration of Origin. Otherwise, preferential treatment shall be granted to the goods.

9. For greater clarity, information collected by a Party for the purposes of this Article shall be treated in accordance with Article 3.32.

10. All information and communications under this Article shall be in English and shall be sent by email or any other means that ensures receipt.

11. This Article shall not prevent the exchange of information or the provision of any other assistance provided for in customs cooperation agreements.

Article 3.26. INVOICING BY A THIRD PARTY

1. The customs authority of the importing Party shall not deny preferential tariff treatment solely on the basis that the invoice is issued by a third party other than the exporter or producer of a good, provided that the good meets the requirements of this Chapter.

2. If the invoice is issued in a non-Party country, the Declaration of Origin must be made on a commercial document, other than the invoice, that has been issued in the territory of the exporting Party. In such a case, the exporter of the goods must be clearly identified on the document on which the Declaration of Origin is made.

3. For greater certainty, a third party means a person other than the exporter or producer of the goods and may be located in a Party or non-Party.

Article 3.27. DENIAL OF PREFERENTIAL TARIFF TREATMENT

1. Only for the following specific reasons may the customs authority of the importing Party refuse preferential tariff treatment without verifying the Declarations of Origin, in accordance with the provisions of Article 3.25, when:

(a) the requirements for direct transport in Article 3.14 have not been met;

(b) the importer does not submit the Declaration of Origin to the customs authority of the importing Party within the time limit specified in this Chapter;

(c) the Declaration of Origin has been issued in a country other than Costa Rica or Israel; or

(d) the Declaration of Origin has been issued on an invoice or commercial document issued in a non-Party country.

2. If the customs authority of the importing Party denies a request for preferential tariff treatment, it shall provide the decision in writing to the importer, including the reasons for the decision.

Article 3.28. CONTACT POINTS

Each Party shall designate, within 30 days of the date of entry into force of this Agreement, one or more contact points for the implementation of this Chapter and shall notify the other Party of the relevant contact details. Each Party shall also notify the other Party of the contact point(s), including the email and address of the customs authority responsible for verifying Declarations of Origin. Each Party shall promptly notify the other Party of any changes to the contact details of those contact points.

Section C. CONSULTATIONS AND AMENDMENTS

Article 3.29. CONSULTATIONS AND AMENDMENTS

The Parties, through the contact points or the Customs and Rules of Origin Subcommittee, shall consult and cooperate, as appropriate, to:

(a) ensure that this Chapter is applied effectively and uniformly; and

(b) discuss necessary amendments to this Chapter, taking into account advances in technology, production processes, and other related matters.

Article 3.30. SUBCOMMITTEE ON CUSTOMS AND RULES OF ORIGIN

In accordance with Article 4.11 (Subcommittee on Customs and Rules of Origin), the Parties agree to establish a Subcommittee on Customs and Rules of Origin composed of representatives from each Party.

Article 3.31. TRANSITIONAL PROVISIONS FOR GOODS IN TRANSIT OR STORAGE

The provisions of this Agreement may be applied to goods that comply with the provisions of this Chapter and that, on the date of entry into force of this Agreement, are in transit, in temporary storage in the Parties, under customs control, or in free zones, provided that a Declaration of Origin issued retrospectively, together with documents proving that the goods have been transported directly in accordance with Article 3.31, is submitted to the customs authority of the importing Party

within 6 months of that date, a Declaration of Origin issued retrospectively, together with documents proving that the goods have been transported directly in accordance with Article 3.14.

Article 3.32. CONFIDENTIALITY

1. A Party shall maintain the confidentiality of information provided by the other Party under this Chapter and shall protect it from disclosure that could prejudice the competitive position of the person providing the information. Any breach of confidentiality shall be treated in accordance with each Party's domestic law.

2. The information referred to above shall not be disclosed without the express authorization of the Party providing it, except to the extent that disclosure is necessary for law enforcement purposes or in the course of judicial or administrative proceedings, in accordance with its domestic law.

Chapter 4. CUSTOMS ADMINISTRATION AND TRADE FACILITATION

Article 4.1. CUSTOMS COOPERATION

1. The Parties shall cooperate to ensure the proper implementation and operation of the provisions of this Agreement with respect to:

(a) imports or exports under this Agreement;

(b) preferential treatment and complaint procedures;

(c) verification procedures;

(d) customs valuation and tariff classification of goods; and

(e) restrictions or prohibitions on imports or exports.

2. Each Party shall, within 30 days of the date of entry into force of this Agreement, designate a Contact Point and notify the other Party of its contact details, in order to facilitate the effective implementation of this Chapter. Each Party shall promptly inform the other Party of any changes to such contact information. If a matter cannot be addressed through the Contact Points, it shall be referred to the Customs and Rules of Origin Subcommittee as set out in this Chapter.

3. The Parties shall provide mutual assistance as specified in Annex A on Mutual Assistance in Customs Matters.

Article 4.2. CUSTOMS PROCEDURES

1. Each Party shall ensure that its customs procedures are applied in a predictable, consistent, fair, and transparent manner.

2. In accordance with paragraph 1, each Party shall:

(a) simplify its customs procedures to the greatest extent possible; and

(b) use information and communication technology in its customs procedures.

3. Subject to its domestic law and to the extent possible, each Party shall endeavor to:

(a) develop electronic systems compatible with the systems of the other Party, to facilitate the exchange of international trade data; and

(b) develop a set of common data elements and processes in accordance with the Customs Data Model of the World Customs Organization (hereinafter referred to as "WCO") and related WCO recommendations and guidelines.

Article 4.3. RELEASE OF GOODS

Each Party shall endeavor to ensure that its customs authority adopts or maintains procedures that:

(a) provide for the release of goods as soon as possible, in accordance with its domestic law, once all regulatory requirements and procedures have been met;

(b) provide for the advance electronic filing and processing of information prior to the physical arrival of goods to allow for their release upon arrival; and

(c) allow the release of goods at the point of arrival, without temporary transfer to warehouses or other facilities.

Article 4.4. RISK MANAGEMENT

1. In administering customs procedures and, to the extent possible, each customs authority should focus resources on high-risk shipments of goods.

2. This does not prevent a customs authority from carrying out controls that may require more thorough examinations.

Article 4.5. TRANSPARENCY

1. The Parties shall publish or make publicly available in a timely manner, including on the Internet, their laws, regulations, administrative procedures, and administrative rulings of general application on customs matters that pertain to or affect the operation of this Agreement, so that interested persons and parties may become acquainted with them.

2. Each Party shall designate or maintain one or more inquiry points to respond to inquiries from interested persons on customs matters and shall make available on the Internet information on the procedures for making such inquiries.

3. Each Party shall, to the extent possible and consistent with its domestic law and legal system, provide opportunities and an adequate period of time for traders and other interested persons to comment on the proposed introduction or modification of generally applicable laws and regulations relating to the movement, release, and clearance of goods, including goods in transit.

4. Each Party shall, to the extent possible and consistent with its national law and legal system, ensure that new or amended laws and regulations of general application relating to the movement, lifting, and clearance of goods, including goods in transit, are published or that information about them is made publicly available by other means, as soon as possible before their entry into force, so that users and other interested persons may become acquainted with them.

5. Changes in tariff rates or duties, measures that have a mitigating effect, measures whose effectiveness would be undermined as a result of compliance with paragraphs 3 or 4, measures applied in urgent circumstances, or minor changes in national legislation and legal systems are each excluded from paragraphs 3 and 4.

Article 4.6. PAPERLESS CUSTOMS PROCEDURES

The Parties recognize that electronic submission in trade and in the transfer of trade-related information and electronic versions of documents is an alternative to paper-based methods that will significantly improve trade efficiency by reducing costs and time. Therefore, the Parties shall cooperate with a view to implementing and promoting paperless customs procedures.

Article 4.7. ADVANCE RULINGS

1. Subject to the provisions of Chapter 3 (Rules of Origin) and in accordance with its domestic law, cach Party shall issue, through its customs authorities, an advance written ruling on the compliance of goods with the rules of origin set forth in that chapter and on the eligibility of such goods for preferential treatment under this Agreement.

2. In accordance with its domestic law, each Party shall issue, through its customs authorities, prior to the importation of a good into its territory, an advance ruling upon written request from an importer in its territory, or from an exporter or producer in the territory of the other Party, regarding:

(a) tariff classification;

(b) the application of customs valuation criteria for a particular case, in accordance with the Customs Valuation Agreement; and

(c) any other matter agreed upon by the Parties.

3. Each Party shall issue an advance ruling within 60 days after its competent authority receives a request, provided that the applicant has submitted all information required by the Party, including, if requested by the Party, a sample of the merchandise for which an advance tuling is sought.

4. Each Party shall adopt or maintain procedures for issuing such advance rulings, including the information necessary to process a ruling request.

5. A Party may refuse to issue an advance ruling if the facts and circumstances forming the basis of such advance ruling are the subject of an investigation or administrative or judicial review. The Party refusing to issue an advance ruling shall promptly notify the applicant in writing, setting forth the relevant facts and the basis for its decision not to issue the advance tuling.

6. Each Party shall provide that advance rulings shall be effective from the date of issuance or from such other date as specified in the ruling. Subject to paragraphs 1 through 5, an advance ruling shall remain effective as long as the facts or circumstances on which the tuling is based remain unchanged, or for the period specified in the laws, regulations, or administrative rulings of the Party that issued the ruling.

Article 4.8. REVIEW AND APPEAL

With respect to its customs determinations, each Party shall grant access to:

(a) at least one level of administrative review by an administrative authority that is superior to or independent of the official or office that issued the decision; and

(b) judicial review of the determination or decision made at the final level of administrative review.

Article 4.9. AUTHORIZED ECONOMIC OPERATORS

1. The Parties shall promote the implementation of the concept of Authorized Economic Operator (hereinafter referred to as "AEO") in accordance with the SAFE Framework of Standards of the World Customs Organization.

2. Each Party shall promote the granting of AEO status to its economic operators in order to achieve trade facilitation measures.

3. The Parties shall promote the conclusion of an agreement on mutual recognition of their AEO programs, which shall be initiated within one year of the entry into force of this Agreement.

Article 4.10. CONFIDENTIALITY

1. Each Party shall maintain the confidentiality of information provided by the other Party in accordance with Chapter 3 (Rules of Origin) and this Chapter, and shall protect it from disclosure that could prejudice the competitive position of the person providing the information. Any breach of confidentiality shall be treated in accordance with the laws of each Party.

2. The information referred to above shall not be disclosed without the specific permission of the Party providing it, except to the extent that disclosure is necessary for law enforcement purposes or in the course of judicial proceedings.

Article 4.11. SUBCOMMITTEE ON CUSTOMS AND RULES OF ORIGIN

1. The Parties establish a Customs and Rules of Origin Subcommittee, composed of representatives of each Party, which may include trade, customs, or other competent authorities, and shall develop its own rules of procedure at its first meeting.

2. The Customs and Rules of Origin Subcommittee shall meet within one year of the date of entry into force of this Agreement and shall meet thereafter as agreed by the Parties, alternately in Israel and Costa Rica.

3. The Customs and Rules of Origin Subcommittee shall address issues relevant to:

(a) the uniform interpretation, application, and administration of Chapter 3 (Rules of Origin) and this Chapter;

(a) tariff classification, valuation, and determination of the origin of goods for the purposes of this Agreement;

(b) mules of origin, including the Product Specific Rules (PSR) listed in Annex 3-A (Product Specific Rules of Origin);

(c) bilateral dialogues, regular updates on changes in their respective laws; and

(d) considering any other matter referred by the customs authorities of the Parties, the Parties, or the Joint Committee.

4. The Customs and Rules of Origin Subcommittee may make decisions, recommendations, or opinions it deems necessary and report to the Joint Committee.

5. The Customs and Rules of Origin Subcommittee may draft uniform procedures it deems necessary, to be submitted to the

Joint Committee for approval.

Chapter 5. SANITARY AND PHYTOSANITARY MEASURES

Article 5.1. OBJECTIVES

The objectives of this Chapter are to protect human, animal, and plant life or health, while facilitating trade and ensuring that the sanitary or phytosanitary measures of the Parties do not constitute unjustified barriers to trade.

Article 5.2. SCOPE

This Chapter applies to all sanitary and phytosanitary measures of each Party that may affect, directly or indirectly, trade between the Parties.

Article 5.3. GENERAL PROVISIONS

The Parties reaffirm their rights and obligations under the Agreement on the Application of Sanitary and Phytosanitary Measures, contained in Annex 1A to the WTO Agreement (hereinafter referred to as the "SPS Agreement"), and incorporate it into this Agreement.

Article 5.4. SANITARY AND PHYTOSANITARY CONTACT POINTS

1. The Coordinators of the Parties, designated in Chapter 17 (Administration of the Agreement), shall serve as Contact Points for the purpose of facilitating communication on trade matters related to sanitary and phytosanitary measures.

2. For the purposes of implementing the provisions of this Agreement, the Parties agree to share information related to their respective Competent Authorities responsible for sanitary and. phytosanitary measures, listed in Annex 5-A (Competent Authorities), and to promptly inform each other of any changes.

Article 5.5. COOPERATION

1. The Parties shall endeavor to strengthen the relationship between their Competent Authorities responsible for sanitary and phytosanitary matters. To this end, the Competent Authorities shall:

(a) communicate on sanitary and phytosanitary matters with a view to strengthening regulatory cooperation; and

(b) promote cooperation on matters related to the implementation of the SPS Agreement, and in relevant international standard-setting bodies such as the Codex Alimentarius Commission, the International Plant Protection Convention (IPPC), and the World Organization for Animal Health (OIE), as appropriate.

2. The Parties, through their Competent Authorities, shall endeavor to cooperate in developing and implementing mechanisms to facilitate trade through the optimization of sanitary and phytosanitary verification and control procedures, while maintaining the appropriate level of sanitary and phytosanitary protection of the importing Party.

3. In the case of organic products, the Parties shall cooperate in accordance with Annex 5-B (Organic Products).

Article 5.6. EXCHANGE OF INFORMATION

The Parties shall exchange information on:

(a) proposed or effective sanitary and phytosanitary measures that affect or are likely to affect trade between them and that are related to each Party's regulatory system, using the WTO sanitary and phytosanitary notification system as the means of notification;

(b) the results of import controls in the case of rejected or non-compliant shipments, including epidemiological findings, the scientific basis, and the basis for the risk assessment related to such rejections; and

(c) upon request, the results of audits and on-site verification procedures related to trade between the Parties.

Article 5.7. TECHNICAL CONSULTATIONS

1. The Parties shall work expeditiously to address any sanitary or phytosanitary trade issue and shall undertake to conduct the necessary technical discussions to resolve any such issue.

2. At any time, a Party may raise a specific issue concerning sanitary and phytosanitary measures with the other Party through the Competent Authorities, as referred to in Annex 5-A (Competent Authorities), and may request additional information related to the issue. The other Party shall respond in a timely manner.

3. If a matter is not resolved through the information exchanged in accordance with Article 5.6 and paragraph 2, at the request of either Party through its Contact Point, the Parties shall meet in a timely manner to discuss specific issues on sanitary and phytosanitary measures, to avoid an interruption in trade or to reach a mutually acceptable solution. The Parties shall meet either in person or using available technological means. If travel is required, the Party requesting the meeting shall travel to discuss specific issues on sanitary or phytosanitary measures in the territory of the other Party, unless otherwise agreed.

Article 5.8. EMERGENCY MEASURES

1. Emergency measures imposed by an importing Party shall be notified without delay to the other Party through the relevant Competent Authority referred to in Annex 5-A (Competent Authorities) and, upon request, consultations shall be held between the Competent Authorities within seven working days of notification. The Parties shall consider any information provided through such consultations.

2. The importing Party shall consider the information provided by the exporting Party in a timely manner when making decisions regarding shipments that, at the time of the adoption of emergency measures, are being transported between the Parties.

Chapter 6. TECHNICAL BARRIERS TO TRADE

Article 6.1. DEFINITIONS

For the purposes of this Chapter, the terms and definitions set forth in Annex 1 of the Agreement on Technical Barriers to Trade, contained in Annex 1A of the WTO Agreement (hereinafter referred to as the "TBT Agreement"), shall apply.

Article 6.2. OBJECTIVES

The objectives of this Chapter are to increase and facilitate trade between the Parties, including by strengthening the implementation of the TBT Agreement by the Parties; to ensure that technical regulations, standards, and conformity assessment procedures do not create unnecessary barriers to trade between the Parties; and to improve transparency, mutual understanding, and cooperation between the Parties.

Article 6.3. SCOPE

1. This Chapter shall apply to the preparation, adoption, and application of all standards, technical regulations, and conformity assessment procedures that may affect trade in goods between the Parties.

2. Notwithstanding paragraph 1, this Chapter shall not apply to:(a) technical specifications prepared by a government agency for its production or consumption requirements that are covered by Chapter 11 (Government Procurement); or(b) sanitary or phytosanitary measures covered by Chapter 5 (Sanitary and Phytosanitary Measures).

Article 6.4. AFFIRMATION OF THE TBT AGREEMENT

The Parties affirm their existing rights and obligations to each other under the OTC Agreement, which is incorporated into and forms part of this Agreement, mutatis mutandis

Article 6.5. INTERNATIONAL STANDARDS

1. Each Party shall use relevant international standards, guidelines, and recommendations, to the extent provided for in Articles 2.4 and 5.4 of the TBT Agreement, as a basis for its technical regulations and conformity assessment procedures.

2. In determining whether an international standard, guideline, or recommendation exists within the meaning of Articles 2 and 5 and Annex 3 of the TBT Agreement, each Party shall base its determination on the principles set out in the

"Committee Decision on Principles for the Development of International Standards, Guidelines, and Recommendations under Articles 2 and 5, and Annex 3 of the Agreement," adopted on November 13, 2000, by the WTO Committee on Technical Barriers to Trade (Annex 2 to PART 1 of G/TBT/1/Rev 15), and any subsequent version thereof.

3. The Parties shall encourage cooperation between their respective national standardization organizations in areas of mutual interest, in the context of their participation in international standardization bodies, to ensure that international standards developed within those organizations facilitate trade and do not create unnecessary barriers to international trade.

Article 6.6. TECHNICAL REGULATIONS

1. The Parties shall use international standards as a basis for preparing their technical regulations, unless such international standards are ineffective or inappropriate for achieving the legitimate objective pursued. Each Party shall, at the request of the other Party, provide its reasons for not using international standards as a basis for preparing its technical regulations.

2. Each Party shall endeavor to review its technical regulations to increase the convergence of such technical regulations with relevant international standards, taking into account, among other things, any new developments in relevant international standards or any changes in circumstances that have given rise to divergences from relevant international standards.

3. Each Party shall give positive consideration to a request from the other Party to negotiate arrangements to achieve equivalence of technical regulations.

4. A Party shall, upon request by the other Party, explain the reasons why it has not accepted a request by the other Party to negotiate such arrangements.

5. The Parties shall strengthen communications and coordination between themselves, where appropriate, in the context of discussions on the equivalence of technical regulations and related matters in international forums, such as the WTO Committee on Technical Barriers to Trade.

Article 6.7. CONFORMITY ASSESSMENT PROCEDURES

1. The Parties recognize that there is a wide range of mechanisms to facilitate acceptance in the territory of one Party of the results of conformity assessment procedures carried out in the territory of the other Party. Such mechanisms may include:

(a) mutually recognizing the results of conformity assessment procedures carried out by government-designated bodies located in each Party's territory with respect to specific technical regulations;

(b) recognizing existing regional, international, and multilateral recognition agreements and arrangements between accreditation bodies or conformity assessment bodies;

(c) recognizing accreditation procedures for qualifying conformity assessment bodies;

(d) designating conformity assessment bodies or recognizing the designation of conformity assessment bodies by the other Party;

(e) unilaterally recognize the results of conformity assessment procedures carried out in the territory of the other Party;

(f) accept a supplier's declaration of conformity; or

(g) facilitate voluntary arrangements between conformity assessment bodies in the territory of each Party.

2. When a Party requires conformity assessment as positive assurance that a product complies with a technical regulation, it shall:

(a) select conformity assessment procedures that are proportionate to the risks involved, as determined on the basis of a risk assessment;

(b) consider, where possible and consistent with each Party's legislation, the use of a supplier's declaration of conformity, i.e., a declaration of conformity issued by the manufacturer under the sole responsibility of the manufacturer without a mandatory third-party assessment, as evidence of compliance with technical regulations, as one option for demonstrating compliance with technical regulations;

(c) upon request by the other Party, provide information on the criteria used to select conformity assessment procedures

for specific products.

3. A Party shall give positive consideration to a request from the other Party to negotiate agreements or arrangements for the mutual recognition of the results of their respective conformity assessment procedures.

4. The Parties shall intensify their exchange of information on acceptance mechanisms with a view to facilitating the acceptance of conformity assessment results.

Article 6.8. MARKET SURVEILLANCE

1. For the purposes of this Article, "market surveillance" is a function of the public authority separate from and carried out after conformity assessment procedures, and means activities performed and measures taken by public authorities on the basis of a Party's procedures that enable that Party to monitor or address the conformity of products with the requirements set out in its laws and regulations.

2. Each Party may, inter alia:

(a) exchange information with the other Party on market surveillance and enforcement activities, such as on the authorities responsible for market surveillance and enforcement, or on measures taken against dangerous products; and

(b) ensure the independence of market surveillance functions from conformity assessment functions in order to avoid conflicts of interest.

3. In addition to Article 6.11, any discussion or information exchanged under this Article shall be designated as confidential, unless the Parties agree otherwise. 4. The Parties may cooperate and exchange information in the area of product safety and enforcement, which may include, in particular, the following:

(a) market surveillance and enforcement activities and measures;

(b) tisk assessment methods and product testing;

(c) coordinated product recalls or other similar actions;

(d) scientific, technical, and regulatory matters to improve the safety and compliance of non-food products;

(e) emerging issues of significant relevance to health and safety;

(f) activities related to standardization;

(g) exchanges of officials.

Article 6.9. TRANSPARENCY

1. In order to improve the other Party's opportunity to provide meaningful comments on a proposed technical regulation or conformity assessment procedure, the Party issuing a notice or transmitting a notification pursuant to Articles 2.9, 2.10, 5.6, or 5.7 of the TBT Agreement shall include an explanation of the objectives and rationale for the proposal and how it addresses those issues.

2. Each Party shall allow at least 60 days after the transmission of a notification pursuant to Article 2.9 or Article 5.6 of the TBT Agreement for the other Party to provide written comments on the proposed legislation, except where urgent problems of safety, health, environmental protection, or national security arise or threaten to arise.

3. To the extent possible, each Party shall, in accordance with its legal system, publish proposed technical regulations and proposed conformity assessment procedures that it intends to adopt, or publish in advance documents providing a relevant description of such potential new technical regulations or new conformity assessment procedures to allow interested persons to comment.

4. Each Party shall, when consultations concerning the development of technical regulations and conformity assessment procedures are open to the public, allow persons of the other Party to participate on terms no less favorable than those accorded to its own persons.

5. Upon request by the other Party, a Party shall provide the other Party with information regarding the objective and justification of a standard, technical regulation, or conformity assessment procedure that the Party has adopted or proposes to adopt.

Article 6.10. COOPERATION AND TRADE FACILITATION

1. The Parties shall strengthen their cooperation in the field of standards, technical regulations, and conformity assessment procedures in order to facilitate trade between the Parties and increase access to their respective markets through the following activities:

(a) increasing mutual understanding of their respective systems;

(b) improve cooperation between the Parties' regulatory agencies to achieve health, safety, and environmental objectives;

(c) facilitate trade through the implementation of good regulatory practices; and

(d) enhance cooperation, as appropriate, to ensure that technical regulations and conformity assessment procedures are based on international standards or relevant parts thereof and do not create unnecessary barriers to trade between the Parties.

2. The Parties recognize that there is a wide range of mechanisms to support greater regulatory harmonization and eliminate unnecessary technical barriers to trade, including:

(a) regulatory dialogue and cooperation to, among other things:

(i) exchanging information on regulatory approaches and practices;

(ii) promoting the use of good regulatory practices to improve the efficiency and effectiveness of technical regulations, standards, and conformity assessment procedures,

(b) further harmonization of national standards with relevant international standards, except where they are inappropriate or ineffective;

(c) facilitating greater use of relevant international standards, guidelines, and recommendations as a basis for technical regulations and conformity assessment procedures; and

(d) promoting the acceptance of another Party's technical regulations as equivalent.

3. The Parties shall endeavor to identify, develop, and conclude trade facilitation initiatives that are appropriate for particular issues or sectors, including:

(a) transparency;

(b) alignment with international standards;

(c) harmonization or equivalence of technical regulations;

(d) mechanisms to facilitate the acceptance of conformity assessment procedures carried out in the territory of the other Party through mutual recognition agreements or arrangements; and

(e) understandings reached on compliance issues.

Article 6.11. EXCHANGE OF INFORMATION

1. A Party may request the other Party to provide information on any matter arising under this Chapter. The Party receiving a request under this paragraph shall provide such information and shall endeavor to respond to such request within 60 days and, if possible, by electronic means.

2. A Party may request technical discussions with the other Party with a view to resolving any matter arising under this Chapter.

Chapter 7. TRADE REMEDIES

Article 7.1. DEFINITIONS

For the purposes of this Chapter:

Agreement on Agriculture means the Agreement on Agriculture, contained in Annex 1A to the WTO Agreement,

bilateral safeguard measure means a measure described in Section C;

competent investigating authority means:

(i) for Costa Rica, the Directorate of Economic and Trade Analysis of the Ministry of Economy, Industry, and Trade or its successor; and

(ii) for Israel, the Commissioner of Trade Levies of the Ministry of Economy and Industry, or the corresponding unit of the Ministry of Agriculture and Rural Development, or its successor;

domestic industry means, with respect to an imported good, the totality of producers of a like or directly competitive good of a Party, or those whose aggregate production of the like or directly competitive good constitutes a major proportion of the total domestic production of that good;

global safeguard measure means a measure applied under Article XIX of GATT 1994 and the Agreement on Safeguards;

serious injury means a significant overall impairment of the position of a domestic industry;

threat of serious injury means the clear imminence of serious injury based on facts and not merely on allegations, conjecture, or remote possibilities; and

transition period means the duty elimination period set out in Annex 2-B (Elimination or Reduction of Customs Duties).

Section A. GLOBAL SAFEGUARD MEASURES

Article 7.2. IMPOSITION OF GLOBAL SAFEGUARD MEASURES

1. Each Party retains its rights and obligations under Article XIX of GATT 1994, the Agreement on Safeguards, and Article V of the Agreement on Agriculture.

2. A Party adopting a global safeguard measure shall exclude imports of a good originating in the other Party if such imports are not a substantial cause of serious injury or threat of serious injury.

3. In determining whether imports from the other Party constitute a substantial cause of serious injury or threat of serious injury, the competent investigating authority shall consider factors such as the change in the share of imports from the other Party and the level, as well as the variation in the level, of such imports. In this regard, imports from the other Party shall not normally be considered. to be a substantial cause of serious injury or threat of serious injury if the rate of growth of imports from that Party during the period in which the injurious increase in imports occurred is significantly lower than the rate of growth of total imports from all sources during the same period.

4. The following conditions and limitations shall apply to a procedure that may lead to the adoption of comprehensive safeguard measures under this Article:

(a) the Party initiating a safeguard investigation shall notify the other Party of such initiation by sending a notification to the other Party as soon as possible after initiating the investigation.

(b) Before applying provisional measures and before applying definitive measures, and upon request by the other Party, the Party taking a safeguard measure shall immediately provide a written notification, by electronic means, with all relevant information leading to the intended imposition of the safeguard measures, including the provisional findings or final findings of the investigation, and shall offer the other Party the opportunity to hold consultations; and.

(c) For greater certainty, when, as a result of a global safeguard measure, a safeguard duty is imposed, the margin of preference shall be maintained, in accordance with Annex 2-B (Elimination or Reduction of Customs Duties).

5. Neither Party may apply, with respect to the same good and at the same time:

(a) a bilateral safeguard measure; and.

(b) a global safeguard measure.

Article 7.3. NON-APPLICATION OF DISPUTE SETTLEMENT

Neither Party may resort to dispute settlement for any matter arising exclusively under the agreements referred to in paragraph 1 of Article 7.2.

Section B. ANTI-DUMPING AND COUNTERVAILING MEASURES

Article 7.4. GENERAL PROVISIONS

1. The Parties agree that anti-dumping and countervailing measures shall be used in full compliance with Article VI of GATT 1994, the Anti-Dumping Agreement, the SCM Agreement, and the provisions set forth in this Section.

2. Procedures shall be based on a fair and transparent system. To this end, as soon as practicable after the imposition of provisional measures and before the final decision is taken, the Parties shall ensure full and meaningful disclosure to the other Party and to other interested parties of all essential facts and considerations on which the decision to apply definitive measures is based, without prejudice to the provisions of Article 6.5 of the Anti-Dumping Agreement or Article 12.4 of the SCM Agreement, as applicable. Such disclosure shall be made in writing and shall allow the other Party and other interested parties at least ten (10) days to submit their comments.

Article 7.5. LOWER DUTY RULE

If a Party decides to impose an anti-dumping duty or a countervailing duty, the amount of such duty shall not exceed the margin of dumping or of countervailable subsidies, and should be less than that margin if a lesser duty would be adequate to remove the injury to the domestic industry.

Article 7.6. CONSIDERATION OF THE PUBLIC INTEREST

The Parties shall take into account the public interest when imposing an antidumping duty or a countervailing duty. Antidumping or countervailing measures shall not be applied by a Party when, based on the information available during the investigation, it can be clearly concluded that it is not in the public interest to apply such measures.

Article 7.7. HEARINGS

In the course of each proceeding, the competent investigating authority shall:

(a) hold a public hearing, after reasonable notice, to allow all interested parties and any representative consumer associations to appear in person or through their legal representatives, present evidence, and be heard regarding the serious injury or threat of serious injury, as well as the appropriate remedy; or

(b) provide an opportunity to be heard to all interested parties who have submitted a written request within the time limit set out in the notice of initiation, demonstrating that they are likely to be significantly affected by the outcome of the investigation and that there are special reasons for them to be heard orally.

Article 7.8. NOTIFICATIONS AND CONSULTATIONS

1. A Party initiating an antidumping or countervailing duty investigation with respect to imports from the other Party shall notify the other Party of such initiation by sending a notification immediately after the investigation is initiated.

2. Before imposing definitive measures, the exporting Party may, within 10 days of receiving the disclosure referred to in paragraph 2 of Article 7.4, request consultations with a view to finding a solution acceptable to the Parties. Consultations shall be deemed to have ended 10 days after the request, and the importing Party may then apply the appropriate definitive measures.

3. The Party whose goods are subject to anti-dumping or countervailing measures imposed by the other Party shall have the right to request consultations to discuss the impact of such measures on bilateral trade.

Section C. BILATERAL SAFEGUARD MEASURES

Article 7.9. APPLICATION OF A BILATERAL SAFEGUARD MEASURE

1. If, as a result of the reduction or elimination of a customs duty under this Agreement, a good originating in one Party is being imported into the territory of the other Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions that imports of that good originating in that Party are themselves a substantial cause of serious injury or threat of serious injury to the domestic industry producing a like or directly competitive good, the

importing Party may, to the minimum extent necessary to prevent or remedy the serious injury or threat of serious injury, and in accordance with the provisions of paragraph 5 of Article 7.2:

(a) suspend future reductions in any tariff rate applicable to the goods under this Agreement;

(b) increase the tariff rate applicable to the goods to a level not exceeding the lesser of:

(i) the MFN tariff applied to the goods in force at the time the measure is adopted; and

(ii) the base tariff set out in the relevant schedule of tariff commitments contained in Annex 2-B (Elimination or Reduction of Customs Duties); or

(c) establish an import tariff quota for the product in question, in accordance with the tariff preference agreed upon in this Agreement. The volume of imports within the quota shall not be less than the level of a recent period, which shall correspond to the average of imports over the last three representative years for which statistics are available. For the purposes of this Chapter, an import tariff quota shall be understood to mean the quantity of goods that may be imported under the preferential tariff rate provided for in this Agreement. Quantities of goods exceeding the tariff quota may be imported at the tariff rate established in paragraph (b) of this Article.

2. In investigating whether increased imports of a domestic product have caused or threaten to cause serious injury to a domestic industry, the competent authority conducting the investigation shall evaluate all relevant factors of an objective and quantifiable nature that affect the situation of that industry. These factors include, in particular, the rate and volume of the increase in imports of the originating product in absolute and relative terms, the share of the domestic market captured by such increased imports, and changes in the levels of sales, production, productivity, capacity utilization, profits and losses, and employment.

3. A determination that increased imports of an originating product have caused or threaten to cause serious injury to a domestic industry may not be made unless the investigation demonstrates, on the basis of objective evidence, the existence of a causal link between the increased imports of the originating product and the serious injury or threat of serious injury to the domestic industry. In making such a determination, factors other than increasing imports of the originating merchandise that are also causing injury to the domestic industry at the same time shall be taken into consideration.

Article 7.10. CONDITIONS AND LIMITATIONS

1. A Party shall apply a bilateral safeguard measure only after conducting an investigation by its competent authority, in accordance with Articles 3 and 4.2(c) of the Agreement on Safeguards. To this end, Articles 3 and 4.2(c) of the Agreement on Safeguards are incorporated into this Agreement and form part of it, mutatis mutandis.

2. In the investigation described in paragraph 1, the Party shall comply with the requirements set out in Articles 4.2(a) and 4.2(b) of the Agreement on Safeguards: and, for these purposes, Articles 4.2(a) and 4.2(b) of the Agreement on Safeguards are incorporated and. form part of this Agreement, mutatis mutandis.

3. Each Party shall ensure that its competent authority completes any such investigation within one year of its initiation.

4. Neither Party shall apply a bilateral safeguard measure:

(a) except to the extent and for the time necessary to prevent or remedy serious injury and to facilitate adjustment; and

(b) for a period exceeding two years, except that this period may be extended for a maximum of two additional years if the competent authority of the importing Party determines, in accordance with the procedures set out in this Article, that the measure continues to be necessary to prevent or remedy serious injury and to facilitate adjustment, and that there is evidence that the domestic industry is in the process of adjustment, provided that the total period of application of the bilateral safeguard measure, including the initial period of application and its extension, does not exceed four years.

5. Bilateral safeguard measures may not be applied during the first year of the transition period.

6. No Party may apply a bilateral safeguard measure more than once on the same good.

7. A Party that applies a bilateral safeguard measure for more than one year shall progressively liberalize it at annual intervals during the period of application.

8. When a Party terminates a bilateral safeguard measure, the applicable tariff rate shall be that which would have been in effect had the measure not been applied, in accordance with that Party's list in Annex 2-B (Elimination or Reduction of Customs Tariffs).

9. Bilateral safeguard measures may not be applied or maintained after the transition period.

Article 7.11. PROVISIONAL MEASURES

1. In critical circumstances where delay would cause damage that would be difficult to repair, a Party may apply a provisional bilateral safeguard measure, based on a preliminary determination by its competent authority that there is clear evidence that imports of a good originating in the other Party have increased as a result of the reduction or elimination of a customs duty under this Agreement, and that such imports are a substantial cause of serious injury or threat of serious injury to the domestic industry.

2. The duration of any provisional measure shall not exceed 200 days, during which time the Party shall comply with the requirements set out in Article 7.10. The duration of any provisional measure shall be counted as part of the period referred to in paragraph 4(b) of Article 7.10.

3. The Party shall promptly refund any tariff increase if the investigation described in paragraph 1 of Article 7.10 does not result in a determination that the requirements of Article 7.9 are met.

Article 7.12. NOTIFICATIONS AND CONSULTATIONS

1. A Party shall notify the other Party in writing without delay before:

(a) initiating a bilateral safeguard proceeding under this Section;

(b) issue a determination of serious injury or threat of serious injury caused by increased imports under Article 7.9; and

(c) adopt a decision to apply or extend a provisional or definitive bilateral safeguard measure.

2. The notification shall contain all relevant information, including preliminary evidence of serious injury or threat of serious injury caused by increased imports, a precise description of the product involved and the proposed measure, as well as the expected date of its application and expected duration.

3. A Party shall provide the other Party with a copy of the public version of the relevant report of its competent investigating authority.

4. Notwithstanding paragraph 1, and where required by its domestic law, a Party may publish a public notice in its official gazette indicating the procedure by which interested parties, including importers and exporters, may obtain a non-confidential copy of the request for the application of a provisional bilateral safeguard measure.

5. When a Party considers applying a provisional bilateral safeguard measure, it shall give interested parties at least 20 days from the date of notification to submit evidence and comments regarding the application of such provisional measure.

6. At the request of the Party whose goods are subject to a bilateral safeguard proceeding under this Section, the Party conducting such proceeding shall enter into consultations within 10 days of the date of the request for consultations, in order to examine the notification referred to in paragraph 1, or any public notice or report issued by the competent investigating authority in connection with such proceeding, and with a view to finding an appropriate and mutually acceptable solution.

7. No Party may apply a bilateral safeguard measure without having notified the other Party in writing and held consultations with it, in order to examine the information resulting from the investigation, exchange views on the measure, and seek a mutually acceptable solution.

8. If the Parties are unable to find a mutually acceptable solution within thirty (30) days after the start of consultations, the Party may apply the provisional or definitive measure it deems appropriate and necessary.

9. Consultations shall be held in person, unless the Parties agree on another means of communication that is adequate to fulfill the purposes of the consultations.

Article 7.13. COMPENSATION

1. No later than 30 days after a Party applies a bilateral safeguard measure, the Party shall provide an opportunity for the other Party to consult with it regarding appropriate trade liberalization compensation in the form of concessions that have substantially equivalent effects on trade or are equivalent to the value of the additional duties expected as a result of the measure. The Party applying the measure shall provide the compensation mutually agreed upon by the Parties.

Consultations may be conducted in person or by any other means of communication that adequately serves the purposes of the consultations.

2. If the Parties fail to reach agreement on compensation through the consultations provided for in paragraph 1 within 30 days of the commencement of consultations, the Party against whose originating goods the measure is applied may suspend the application of concessions with respect to goods originating in the Party applying the measure, which have trade effects substantially equivalent to the bilateral safeguard measure.

3. The obligation of the Party applying the measure to grant compensation in accordance with paragraph 1 and the right of the other Party to suspend tariff concessions in accordance with paragraph 2 shall terminate on the date on which the bilateral safeguard measure is removed.

4. Any compensation shall be based on the total period of application of the provisional bilateral safeguard measure and the bilateral safeguard measure.

Section D. OTHER PROVISIONS

Article 7.14. OTHER PROVISIONS

With respect to actions taken under this Chapter, the Parties shall endeavor, to the extent possible, to cause the least adverse economic effect and to avoid creating serious obstacles to trade under this Agreement.

Chapter 8. INVESTMENT

Article 8.1. PROMOTION OF INVESTMENT

1. The Parties reaffirm their intention to foster conditions to promote and attract investment, with a view to creating favorable conditions for long-term economic development and the diversification of trade.

2. Where applicable, the Parties will endeavor to cooperate on matters that can contribute to a welcoming investment environment.

Article 8.2. COOPERATION ON INVESTMENT MATTERS

1. The Parties acknowledge their interest in further developing the investment provisions of this Agreement after its entry into force, subject to the decisions and recommendations of the Joint Committee, as established in Chapter 17 (Administration of the Agreement).

2. In accordance with Article 17.2 (Establishment of Subcommittees, Working Groups and other Bodies), the Joint Committee shall establish a subcommittee, working group, or any other body to:

(a) work toward the enhancement of investment flows;

(b) exchange information and share experiences regarding best practices on policies to improve the investment climate, including, on investment facilitation measures; and

(c) monitor investment relations, to identify opportunities for expanding investment which may include interlinkages with trade.

3. In establishing a subcommittee, working group, or any other body, the Joint Committee may take into account the evolving nature of the investment environment and the potential need to review this Agreement, with a view towards negotiating investment promotion, protection or facilitation provisions, as well as provisions to enhance existing market access commitments.

Article 8.3. NON-APPLICATION OF DISPUTE SETTLEMENT

Neither Party shall have recourse to dispute settlement under this Agreement for any matter arising under this Chapter.

Chapter 9. TRADE IN SERVICES

Article 9.1. SCOPE

1. This Chapter applies to measures adopted or maintained by the Parties that affect trade in services.

2. For the purposes of this Chapter, a measure adopted or maintained by a Party means a measure adopted or maintained by:

(a) a central or local government or authority; or

(b) a non-governmental institution in the exercise of powers delegated to it by a central or local government or authority.

3. This Chapter does not apply to:

(a) a financial service;

(b) government procurement;

(c) air services, including domestic and international air transport services, whether scheduled or non-scheduled, and related services in support of air services, except:

(i) aircraft repair and maintenance services during which an aircraft is withdrawn from service;

(ii) the sale and marketing of air transport services; and (iii) computer reservation system (CRS) services;

(d) grants or donations made by a Party, including government-supported loans, guarantees, and insurance; or

(e) services provided in the exercise of governmental authority.

4. This Chapter does not impose any obligation on a Party with respect to a national of the other Party seeking access to its labor market or employment on a permanent basis in its territory, nor does it confer any right on such a national with respect to such access or employment.

5. Nothing in this Chapter or its Annexes shall prevent a Party from applying measures to regulate the entry or temporary stay of natural persons in its territory, including measures necessary to protect the integrity of its borders and ensure the orderly movement of natural persons through them, provided that such measures are not applied in a manner that nullifies or impairs the benefits accruing to either Party under a specific commitment. (1)

(1) The mere fact of requiring a visa for natural persons shall not be considered to nullify or impair the benefits accruing from a specific commitment.

Article 9.2. LISTS OF SPECIFIC COMMITMENTS

1. Each Party shall set out in its Schedule of Specific Commitments the specific commitments it undertakes pursuant to Articles 9.3, 9.4, and 9.6.

2. With respect to the sectors in which such commitments are made, each List of Specific Commitments shall specify:

(a) the terms, limitations, and conditions relating to market access;

(b) the conditions and exceptions relating to national treatment;

(c) the commitments relating to the additional commitments referred to in Article 9.6; and

(d) where applicable, the time frame for the implementation of such commitments and the date of entry into force thereof.

3. Measures inconsistent with both Article 9.3 and 9.4 shall be entered in the column corresponding to Article 9.3. In this case, the entry shall also be considered to indicate a condition or reservation to Article 9.4.

4. The Parties' Specific Commitment Lists are set out in Annex 9-C.

Article 9.3. MARKET ACCESS

1. With respect to market access through the modes of supply identified in the definition of "trade in services" contained in Article 9.14, each Party shall accord to the services and service suppliers of the other Party treatment no less favorable than that accorded under the terms, limitations, and conditions agreed and specified in its Schedule of Specific Commitments. (2)

(2) If a Party undertakes a market access commitment in relation to the supply of a service through the mode of supply referred to in the definition of "trade in services" in paragraph (a) of Article 9.14, and if the cross-border movement of capital is an essential part of the service itself, that Party undertakes to allow such movement of capital. If a Party undertakes a market access commitment in relation to the supply of a service through the mode of supply referred to in the definition of "trade in services" in paragraph (c) of Article 9.14, undertakes to allow related capital transfers in its territory.

2. In sectors where market access commitments are undertaken, the measures that no Party shall maintain or adopt, either on a regional subdivision basis or on the basis of its entire territory, unless otherwise specified in its Schedule of Specific Commitments, are defined as follows:

(a) limitations on the number of service suppliers, whether in the form of numerical quotas, monopolies, or exclusive service suppliers, or by requiring an economic needs test;

(b) limitations on the total value of assets or service transactions in the form of numerical quotas or through the requirement of an economic needs test;

(c) limitations on the total number of service operations or the total amount of service production, expressed in designated numerical units, in the form of quotas or by requiring an economic needs test; (3)

(3) Subparagraph (c) does not cover measures of a Party that limit inputs for the supply of services.

(d) limitations on the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ and that are necessary for the supply of a specific service and are directly related to it, in the form of numerical quotas or by requiring an economic needs test;

(e) measures that restrict or prescribe the specific types of legal entity or joint venture through which a service provider may supply a service; and

(f) limitations on foreign capital participation expressed as a maximum percentage limit on foreign shareholding or as a total value of individual or aggregate foreign investments.

Article 9.4. NATIONAL TREATMENT

1. In the sectors inscribed in its Schedule of Specific Commitments, and subject to any conditions and qualifications that may be inscribed therein, each Party shall accord to the services and service suppliers of the other Party, with respect to all measures affecting the supply of services, treatment no less favorable than that accorded to its own like services or like service suppliers. (4)

(4) The specific commitments undertaken under this Article shall not be construed to require any Party to compensate for any inherent competitive disadvantage resulting from the foreign character of the relevant services or service suppliers.

2. A Party may comply with paragraph 1 by accord ing to the services and service suppliers of the other Party treatment that is formally identical or formally different from that accord ed to its own like services and like service suppliers.

3. Formally identical or formally different treatment shall be considered less favorable if it modifies the conditions of competition in favor of the services or service suppliers of one Party as compared with like services or like service suppliers of the other Party.

Article 9.5. MOST-FAVORED NATION

1. Except as provided in its MFN Exemption List contained in Annex 9-A, a Party shall immediately and unconditionally accord, with respect to all measures covered by this Agreement, treatment no less favorable to the services and service suppliers of the other Party than that it accords to like services and like service suppliers of any non-Party. (5)

(5) For greater certainty, Most-Favored-Nation treatment is without prejudice to the scope and coverage of any chapters of this Agreement that include provisions affecting the services and service suppliers of the other Party.

2. The obligations in paragraph 1 shall not apply to treatment accorded under other existing or future agreements entered

into by a Party and notified in accordance with Article V or V bis of the GATS, as well as treatment accorded in accordance with Article VII of the GATS.

3. The provisions of this Chapter shall not be construed to prevent a Party from conferring or granting advantages to adjacent countries for the purpose of facilitating exchanges, limited to contiguous border areas, of services that are produced and consumed locally.

Article 9.6. ADDITIONAL COMMITMENTS

The Parties may negotiate commitments with respect to measures affecting trade in services but not subject to listing under Articles 9.3 and 9.4, including those relating to qualifications, standards, or licensing issues. Such commitments shall be set out in each Party's Schedule of Specific Commitments.

Article 9.7. MODIFICATION OF LISTS

At the written request of a Party, the Parties shall hold consultations to consider any modification or withdrawal of a specific commitment from the List of Specific Commitments of the requesting Party. Consultations shall be held within three months of the requesting Party's request. In the consultations, the Parties shall endeavor to ensure that an overall level of mutually advantageous commitments no less favorable to trade than that provided for in the Schedule of Specific Commitments prior to such consultations is maintained. Modifications to the Schedules are subject to the procedures adopted by the Joint Committee established in Chapter 17 (Administration of the Agreement).

Article 9.8. DOMESTIC REGULATION

1. In sectors where specific commitments are made, each Party shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective, and impartial manner.

2. Where a Party requires authorization for the supply of a service in respect of which a specific commitment has been made, the competent authorities of each Party shall inform the applicant of the decision on the application within a reasonable time after the submission of an application that is considered complete in accordance with its legislation. Upon request by the applicant, the competent authorities of each Party shall provide, without undue delay, information regarding the status of the application.

3. In order to ensure that measures relating to requirements and procedures for qualifications, technical standards, and licensing requirements do not constitute unnecessary obstacles to trade in services, while recognizing the right of each Party to regulate and adopt new measures in the provision of services in order to achieve its domestic policy objectives, in sectors where the Parties have made specific commitments, each Party shall endeavor to ensure, as appropriate for different sectors, that such measures are:

(a) based on objective and transparent criteria, such as competition and the ability to supply the service;

(b) are not more burdensome than necessary to ensure the quality of service; and

(c) in the case of licensing procedures, do not in themselves constitute a restriction on the supply of the service.

4. If the results of negotiations related to Article VI:4 of the GATS (or the results of any similar negotiations undertaken in other multilateral forums in which the Parties participate) enter into force, this Article shall be amended, as appropriate, upon consultation between the Parties, to incorporate such results into the

framework of this Agreement. The Parties shall coordinate, as appropriate, on such negotiations.

Article 9.9. TRANSPARENCY IN THE DEVELOPMENT AND APPLICATION OF REGULATIONS (6)

In addition to Article 16.2 (Notification and Provision of Information):

(a) Each Party shall establish or maintain appropriate mechanisms to respond to inquiries from interested persons concerning its regulations relating to the matters covered by this Chapter.

(b) To the extent practicable, each Party shall provide a reasonable period between the publication of final regulations covered by this Chapter and the date on which they take effect.

(6) For greater certainty, regulations include regulations that establish or apply licensing criteria or authorizations.

Article 9.10. RECOGNITION

1. For the purposes of complying, in whole or in part, with its rules or criteria for the authorization, licensing, or certification of service suppliers, and subject to the requirements of paragraph 5, a Party may recognize education or experience obtained, requirements met, or licenses or certificates granted in a particular country. Such recognition, which may be effected. through harmonization or otherwise, may be based on an agreement or arrangement with the country concerned or may be granted autonomously.

2. Where a Party recognizes, autonomously or through an agreement or arrangement, education or experience obtained, requirements met, or licenses or certifications granted in the territory of a non-Party, nothing in Article 9.5 shall be construed to require that Party to grant such recognition to education or experience obtained, requirements met, or licenses or certifications granted in the territory of the other Party.

3. Upon request by the other Party, a Party shall endeavor, where appropriate, to promptly provide information, including a description, regarding any recognition agreement or arrangement that such Party or the relevant agencies in its territory have entered into.

4. A Party that is a party to an agreement or arrangement of the type referred to in paragraph 1, existing or future, shall provide adequate opportunities for the other Party, if the other Party is interested, to negotiate its accession to such agreement or arrangement or to negotiate with another comparable one. When a Party grants recognition autonomously, it shall provide the other Party with adequate opportunities to demonstrate that the education, experience, licenses, or certificates obtained or the requirements met in the territory of the other Party should be subject to recognition.

5. No Party shall grant recognition in a manner that constitutes a means of discrimination between countries in the application of its rules or criteria for the authorization or certification of service suppliers or the granting of licenses to them, or a disguised restriction on trade in services.

Article 9.11. PAYMENTS AND TRANSFERS

1. Except as provided in Article 9.13, no Party shall apply restrictions on international payments and transfers for current transactions with the other Party relating to specific commitments undertaken by it.

2. Nothing in this Chapter shall affect the rights and obligations of the Parties as members of the International Monetary Fund under the Articles of Agreement of the International Monetary Fund, including the use of exchange control measures consistent with the Articles of Agreement, with the proviso that no Party shall impose restrictions on capital transactions in a manner inconsistent with its specific commitments with respect to such transactions, except under Article 9.13 or at the request of the International Monetary Fund.

Article 9.12. DENIAL OF BENEFITS

A Party may deny the benefits of this Chapter to a service supplier that is a juridical person if persons of a non-Party country own or control that juridical person and the Party denying the benefits:

(a) does not maintain diplomatic relations with the non-Party country; or

(b) adopts or maintains measures in relation to the non-Party country or the person of the non-Party country that prohibit transactions with that legal person or that would be violated or circumvented if the benefits of this Chapter are granted to that legal person.

Article 9.13. RESTRICTIONS TO PROTECT THE BALANCE OF PAYMENTS

1. The Parties shall endeavor to avoid imposing restrictions to protect the balance of payments.

2. Where a Party to this Agreement is in serious external financial and balance of payments difficulties, or is in danger of being so, it may adopt or maintain restrictive measures with respect to trade in services, including those relating to payments and transfers.

3. The rights and obligations of the Parties with respect to such restrictions shall be governed by paragraphs 1 through 3 of Article XII of the GATS, which are incorporated into and made part of this Agreement. The Party adopting or maintaining

such restrictions, or modifying existing ones, shall notify the Joint Committee without delay.

Article 9.14. DEFINITIONS

For the purposes of this Chapter:

a service supplied in the exercise of governmental authority means any service that is not supplied on commercial terms and in competition with one or more service suppliers;

aircraft repair and maintenance services means such activities when performed on an aircraft or part thereof while it is out of service and does not include so-called line maintenance;

commercial presence means any type of commercial or professional establishment, including through:

(a) the establishment, acquisition, or maintenance of a legal entity, or

(b) the creation or maintenance of a branch or representative office within the territory of a Party for the purpose of providing a service; computerized reservation system services means services provided by computerized systems containing information on airlines' schedules, availability, fares, and fare rules, through which reservations can be made or tickets issued; legal person means any legal entity duly constituted or otherwise organized under applicable law, whether for profit or not and whether privately owned or government-owned, including any corporation, trust, partnership, joint venture, sole proprietorship, or other association;

legal entity of the other Party means a legal entity that:

(a) is incorporated or otherwise organized under the laws of that other Party and carries on substantial business operations in the territory of:

(i) either Party; or

(Ii) any WTO Member and is owned or controlled by natural persons of that other Party or by legal persons that meet all the conditions set out in subparagraph (a)(i); or

(b) in the case of the supply of a service through commercial presence, is owned or controlled by:

(i) natural persons of the other Party; or

(ii) juridical persons of that other Party as defined in subparagraph (a);

a juridical person:

(a) is "owned" by persons of a Party if such persons have full ownership of more than 50 percent of its capital stock; or

(b) is "controlled" by persons of a Party if those persons have the power to appoint a majority of its directors or otherwise legally direct its operations;

financial service means any service of a financial nature, as defined in the Annex on Financial Services of the GATS.

natural person of a Party means a natural person residing in the territory of that Party or any WTO Member and who, under the law of that Party:

(a) is a national of that Party; or

(b) has the right of permanent residence in that Party, provided that such Party accords substantially the same treatment to its permanent residents (7) as it accords to its nationals with respect to measures affecting trade in services, provided that the Party is not required to accord such permanent residents treatment more favorable than that accorded by such Party to such permanent residents;

(7) With respect to Israel, "permanent resident" means any natural person who holds a valid residence permit under the laws of Israel.

service sector means:

(a) with respect to a specific commitment, one or more subsectors of that service, or all of them, as specified in a Party's Schedule; or

(b) otherwise, the entire service sector, including all its subsectors;

sale and marketing of air transport services means the opportunities of the air carrier concerned to freely sell and market its air transport services, including all aspects of marketing, such as market research, advertising, and distribution. These activities do not include the setting of prices for air transport services or the applicable conditions;

services means any service in any sector, except services supplied in the exercise of governmental authority;

service consumer means any person who receives or uses a service; service of another Party means a service supplied:

(a) from or in the territory of the other Party, or, in the case of maritime transport, by a vessel registered under the laws of the other Party or by a person of the other Party supplying the service through the operation of a vessel or its total or partial use; or

(b) in the case of the supply of a service through commercial presence or through the presence of natural persons, by a service supplier of the other Party;

service supplier of a Party means a person of a Party who intends to supply or supplies a service; (8)

(8) For the purposes of Articles 9.3 and 9.4, "service supplier" has the same meaning as "services and service suppliers" as used in Articles II and XVII of the GATS.

supply of a service covers the production, distribution, marketing, sale, and supply of a service;

trade in services is defined as the supply ofa service: (a) from the territory of one Party to the territory of the other Party; (b) in the territory of one Party to a consumer of services of the other Party;

(c) by a service provider of one Party through commercial presence in the territory of the other Party;

(d) by a service supplier of a Party through the presence of natural persons of a Party in the territory of the other Party.

Chapter 10. DIGITAL TRADE

Article 10.1. DEFINITIONS

For the purposes of this chapter, the following definitions shall apply:

computer facilities means computer servers or storage devices for processing or storing information for commercial use;

digital product means a computer program, text, video, image, sound recording, or other product that is digitally encoded, produced for commercial sale or distribution, and capable of being transmitted electronically; (1) (2)

(1) For greater certainty, a digital product does not include the digitized representation of a financial instrument, including money.

(2) The definition of digital product should not be understood to reflect a Party's view on whether trade in digitally transmitted digital products should be classified as trade in services or trade in goods.

electronic authentication means the process or act of verifying the identity of a party to an electronic communication or transaction and ensuring the integrity of the data in an electronic communication;

electronic signature means data in electronic form which appears in an electronic document or electronic message, or which is logically or cryptographically associated with that document or message, and which can be used to identify or verify the signatory in relation to the electronic document or message and indicate that the signatory approves the information contained in the electronic document or message; (3) (4)

(3) For greater certainty, nothing in this definition prevents a Party from giving greater legal effect to an electronic signature that meets certain requirements, such as indicating that the electronic data message has not been altered or verifying the identity of the signatory.

(4) For greater certainty, the concept of "electronic signature" refers to "digital signature," in accordance with Costa Rican law.

electronic transmission or transmitted electronically means a transmission made using any electromagnetic means, including photonic means.

open government data means information not subject to proprietary rights, including data, made freely available to the public by the central level of government;

personal data means any information, including data, about an identified or identifiable natural person;

commercial administration documents means forms issued or controlled by a Party that must be completed by or for an importer or exporter in connection with the import or export of a good; and unsolicited commercial electronic message means an clectronic message that is sent for commercial or advertising purposes, without the consent of the recipient or despite the explicit refusal of the recipient, through an Internet access service provider or, to the extent provided for by the laws and regulations of each Party, through another telecommunications service.

Article 10.2. OBJECTIVES

1. The Parties recognize the economic benefits and opportunities offered by digital trade.

2. The Parties further recognize the importance of:

(a) avoiding unnecessary barriers to the use and development of digital trade;

(b) frameworks that promote consumer confidence in digital trade; and

(c) international and domestic frameworks related to digital trade that:

(i) support the principle of technological neutrality, as appropriate;

(ii) take into account emerging technologies and encourage innovation; and.

(iii) promote the interests of consumers and businesses engaged in digital trade and a secure digital trading environment.

(d) the applicability of the WTO Agreement to measures affecting digital trade.

Article 10.3. SCOPE OF APPLICATION

1. This Chapter applies to measures adopted or maintained by a Party that affect trade by electronic means.

2. This Chapter shall not apply to:

(a) government procurement; or

(b) information held or processed by or on behalf of a Party, or measures relating to such information, including measures relating to its collection, except Article 10.15.

3. For greater certainty, the Parties affirm that measures affecting the supply of a service using or provided by electronic means are subject to the relevant provisions of Chapter 9 (Trade in Services), including any exceptions or limitations set out in this Agreement that are applicable to those provisions.

Article 10.4. CUSTOMS DUTIES

1. No Party shall impose customs duties, tariffs, or other charges on electronic transmissions, including electronically transmitted content, between a person of one Party and a person of the other Party.

2. For greater certainty, nothing in this Chapter shall prevent a Party from imposing internal taxes, fees, or other charges on electronic transmissions, including electronically transmitted content, provided that such taxes, fees, or charges are imposed in a manner consistent with this Agreement.

Article 10.5. NON-DISCRIMINATORY TREATMENT OF DIGITAL GOODS

1. No Party shall accord less favorable treatment to digital products created, produced, published, contracted for, commissioned, or made available for the first time on commercial terms in the territory of another Party, or to digital products whose author, performer, producer, developer, or owner is a person of another Party, than it accords to other

similar digital products. (5)

(5) For greater certainty, to the extent that a digital product from a non-Party is a "similar digital product," it shall be treated as "another similar digital product" for the purposes of this paragraph.

2. This Article does not apply to broadcasting.

3. For greater certainty, the obligations set out in this Article are subject to the relevant provisions, exceptions, and limitations set out in this Agreement.

4. This Article does not apply to subsidies or grants provided by a Party, including government-backed loans, guarantees, and insurance.

Article 10.6. NATIONAL FRAMEWORK FOR ELECTRONIC TRANSACTIONS

1. Each Party shall endeavor to maintain a legal framework governing electronic transactions consistent with the principles of the UNCITRAL Model Law on Electronic Commerce (1996) with the additional Article 5 bis adopted in 1998, approved by the United Nations General Assembly on June 12, 1996; or with the United Nations Convention on the Use of Electronic Communications in International Contracts, done at New York, November 23, 2005.

2. Each Party shall endeavor to:

(a) avoid any unnecessary regulatory burden on electronic transactions; and.

(b) facilitate input from persons interested in the development of their legal framework for electronic transactions.

3. The Parties recognize the importance of facilitating the use of transferable electronic documents. To this end, each Party shall endeavor to adopt or maintain a legal framework that takes into account the UNCITRAL Model Law on Transferable Electronic Documents (2017), adopted by the United Nations Commission on International Trade Law (UNCITRAL) on July 13, 2017.

Article 10.7. AUTHENTICATION AND ELECTRONIC SIGNATURES

1. Except as provided for in its legislation, a Party shall not deny the legal validity of a signature solely on the basis that the signature is in electronic form.

2. No Party shall adopt or maintain measures on electronic authentication that:

(a) prohibit the parties to an electronic transaction from mutually determining the appropriate authentication methods for that transaction; or

(b) prevent the parties to an electronic transaction from having the opportunity to prove to judicial or administrative authorities that their transaction complies with any legal requirement regarding authentication.

3. Notwithstanding paragraph 2, a Party may require that, for a given category of transactions, the authentication method or electronic signature comply with certain performance standards or be certified by an accredited authority in accordance with its legislation.

4. The Parties shall encourage the use of interoperable electronic authentication or signature.

Article 10.8. PAPERLESS TRADE

Each Party shall endeavor to:

(a) make business administration documents available to the public in digital or electronic format; and

(b) accepting commercial administration documents submitted electronically as the legal equivalent of the paper version of such documents.

Article 10.9. ONLINE CONSUMER PROTECTION

1. The Parties recognize the importance of adopting and maintaining transparent and effective measures to protect

consumers from misleading, deceptive, and fraudulent commercial practices when engaging in digital commerce.

2. In order to protect consumers, each Party shall adopt or maintain laws or regulations prohibiting misleading, deceptive, and fraudulent commercial activities that cause harm or potential harm to consumers engaging in online commercial activities. (6)

(6) For greater certainty, a Party may comply with the obligation set out in this paragraph by adopting or maintaining measures such as generally applicable consumer protection laws or regulations or sector- or medium-specific laws or regulations with respect to consumer protection.

3. The Parties recognize the importance of cooperation between their respective national consumer protection agencies in activities related to cross-border electronic commerce, in order to improve consumer welfare.

Article 10.10. PROTECTION OF PERSONAL DATA

1. The Parties recognize the importance of maintaining high standards of personal data protection and that the protection of such data strengthens confidence in digital commerce.

2. To this end, each Party shall adopt or maintain a legal framework that provides for the protection of personal data in digital commerce (7). In developing any legal framework for the protection of personal data, each Party shall endeavor to take into account the principles and guidelines of relevant international organizations.

(7) For greater certainty, a Party may comply with the obligation set out in this paragraph by adopting or maintaining measures such as comprehensive privacy, personal data protection laws, sector-specific laws covering privacy, or laws providing for the enforcement of voluntary commitments by businesses in relation to privacy.

3. Each Party shall endeavor to adopt non-discriminatory practices in protecting users of electronic commerce from violations of personal information protection occurring within its Jurisdiction.

4. Each Party shall publish information on the personal data protections it provides to users of digital trade, including:

(a) how individuals can seck redress; and

(b) how companies can comply with any legal requirements.

Article 10.11. INTERNET ACCESS AND USE OF THE INTERNET FOR DIGITAL TRADE

To support the development and growth of digital commerce, and subject to applicable policies, laws, and regulations, each Party recognizes that consumers in its territory have the ability to:

(a) access and use the services and applications of their choice, available on the Internet, subject to reasonable network management (8); and.

(8) The Parties recognize that an Internet access service provider that offers its subscribers certain content on an exclusive basis would not be acting contrary to this principle.

(b) connect to the Internet devices of their choice, provided that such devices do not harm the network.

Article 10.12. UNSOLICITED COMMERCIAL ELECTRONIC MESSAGES

1. Each Party shall adopt or maintain measures relating to unsolicited commercial electronic messages that:

(a) require providers of unsolicited commercial electronic messages to provide a recipient with the ability to prevent the continued receipt of those messages; and

(b) require the consent of the recipient, as specified in accordance with its laws and regulations, to receive a commercial electronic message.

2. Each Party shall endeavor to ensure that a commercial electronic message is clearly identifiable as such, clearly discloses

on whose behalf it is sent, and contains the information necessary for the recipient to request its cessation free of charge and at any time.

3. Each Party shall provide access to redress or recourse mechanisms against a provider of an unsolicited commercial electronic message that does not comply with a measure adopted or maintained in accordance with paragraph 1.

4. The Parties shall endeavor to cooperate in appropriate cases of mutual interest relating to the regulation of unsolicited commercial electronic messages.

Article 10.13. LOCATION OF COMPUTER FACILITIES

1. The Parties recognize that each Party may have its own regulatory requirements regarding the use of computer facilities, including requirements that seek to ensure the security and confidentiality of communications.

2. No Party may require a person of the other Party to use or locate computer facilities in the territory of that Party as a condition of doing business in that territory.

3. Nothing in this Article shall prevent a Party from adopting or maintaining a measure inconsistent with paragraph 2 to achieve a legitimate public policy objective, provided that the measure:

(a) is not applied in a manner that constitutes a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade; and

(b) does not impose a restriction on the use or location of computer facilities greater than is necessary to achieve the objective.

Article 10.14. CROSS-BORDER TRANSFER OF INFORMATION BY ELECTRONIC MEANS

1. The Parties recognize that a Party may have its own regulatory requirements regarding the transfer of information by electronic means.

2. No Party shall prohibit the cross-border transfer of information by electronic means, including personal data, when this activity is for the conduct of business by a person of a Party.

3. Nothing in this Article shall prevent a Party from adopting or maintaining a measure inconsistent with paragraph 2 to achieve a legitimate public policy objective, provided that the measure:

(a) is not applied in a manner that constitutes a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade; and

(b) does not impose a restriction on the transfer of information that is greater than necessary to achieve the objective.

Article 10.15. OPEN GOVERNMENT DATA (9)

1. The Parties recognize that facilitating public access to and use of open government data promotes economic and social development, competitiveness, and innovation. To this end, each Party is encouraged to expand the scope of open government data through engagement and consultation with stakeholders.

2. Each Party shall endeavor to provide interested persons with a mechanism to request the disclosure of specific government data.

3. To the extent that a Party decides to make government data publicly available, it shall endeavor to ensure, to the extent possible, that such data is made available:

(a) in an open and machine-readable format that allows for search and retrieval;

(b) accompanied by metadata that, to the extent possible, is based on commonly used formats that enable the user to understand and use the data; and

(c) a spatial format enabled with reliable, easy-to-use, and freely accessible Application Programming Interfaces (APIs), and updated regularly.

4. To the extent that a Party decides to make government data publicly available, it shall endeavor to avoid imposing a condition (10) that unduly prevents or restricts a user of such data from:

(a) reproduce, redistribute, or republish the data;

(b) regroup the data; or

(c) use the data for commercial and non-commercial purposes, including in the process of producing a new product or service.

5. The Parties shall endeavor to cooperate in identifying ways in which each Party can expand access to and use of government data, with a view to enhancing and generating business and research opportunities, especially for SMEs.

(9) For greater certainty, this article is without prejudice to a Party's laws relating to intellectual property and the protection of personal data.

(10) For greater certainty, nothing in this paragraph prevents a Party from requiring a user of such data to link to original sources.

Article 10.16. ELECTRONIC INVOICING

1. The Parties recognize the importance of electronic invoicing in increasing the efficiency, accuracy, and reliability of commercial transactions. Each Party also recognizes the benefits of ensuring that the systems used for electronic invoicing within its territory are interoperable with the systems used for electronic invoicing in the territory of the other Party.

2. Each Party shall endeavor to ensure that the implementation of measures related to electronic invoicing in its territory is designed to support cross-border interoperability between the Parties' electronic invoicing frameworks. To that end, each Party shall take into account international frameworks when developing measures related to electronic invoicing.

3. The Parties recognize the economic importance of promoting the global adoption of interoperable electronic invoicing systems. To that end, the Parties shall share best practices and collaborate, as appropriate, in promoting the adoption of interoperable systems for electronic invoicing.

Article 10.17. DIGITAL AND ELECTRONIC PAYMENTS

1. Recognizing the rapid growth of digital and electronic payments, particularly those provided by non-bank, non-financial institutions and financial technology companies, the Parties shall seek to support, as appropriate, the development of efficient, secure, and safe cross-border digital and electronic payments by:

(a) promoting the adoption and use of internationally accepted standards for digital and electronic payments;

(b) promoting the interoperability and interconnection of digital and electronic payment infrastructures;

(c) encouraging innovation and useful competition in digital and electronic payment services; and

(d) making publicly available their generally applicable laws and regulations related to digital and electronic payments, including those concerning regulatory authorization, licensing requirements, procedures, and technical standards.

2. To this end, each Party recognizes the importance of:

(a) making decisions on regulatory approvals or licenses related to digital and electronic payments in a timely manner;

(b) not discriminating arbitrarily or unjustifiably between financial and non- financial institutions in relation to access to the services and infrastructure necessary for the operation of digital and electronic payment systems;

(c) adopting or using international standards for the electronic exchange of data between financial institutions and service providers, to enable greater interoperability between digital and electronic payment systems;

(d) facilitate the use of open platforms and architectures, such as tools and protocols provided through Application Programming Interfaces (APIs), and encourage payment service providers to make the APIs of their products and services available to interested third parties in a secure and reliable manner, where possible, to facilitate greater interoperability, innovation, and competition in electronic payments; and

(e) facilitate innovation and competition and the timely introduction of new financial and electronic payment products and services, such as through the adoption of regulatory and industry sandboxes.

Article 10.18. CYBERSECURITY

1. The Parties recognize that cybersecurity threats undermine confidence in digital trade. The Parties also recognize the importance of:

(a) developing the cybersecurity workforce through training and development, and possible initiatives related to mutual recognition of qualifications; and

(b) enhancing the cybersecurity capacity of businesses, including SMEs, and enabling greater cybersecurity resilience within industry.

2. The Parties recognize the importance of:

(a) developing the capabilities of their respective national entities responsible for responding to cybersecurity incidents, taking into account the changing nature of cybersecurity threats;

(b) maintaining cooperation to anticipate, identify, and mitigate malicious intrusions or the dissemination of malicious code affecting electronic networks, and to respond quickly to cybersecurity incidents;

(c) cooperating by sharing information and best practices on cybersecurity-related matters, which may include non-legal measures and interventions;

(d) provide mutual assistance or conduct joint investigations of cyber incidents or disruptions; and

(e) support the development of open and transparent technical standards, taking into account industry-led initiatives.

3. Given the evolving nature of cybersecurity threats, the Parties recognize that risk-based approaches may be more effective than prescriptive approaches in addressing such threats. Accordingly, each Party shall endeavor to employ and shall encourage companies within its territory to use risk-based approaches to:

(a) manage cybersecurity risks and detect, respond to, and recover from cybersecurity events; and

(b) enhance their cyber resilience.

Article 10.19. COOPERATION

The Parties recognize the importance of cooperation on matters related to digital trade, including through maintaining a dialogue, to address, among other things:

(a) online consumer protection;

(b) personal data protection;

(c) unsolicited commercial electronic messages;

(d) authentication;

(e) challenges for small and medium-sized enterprises in digital commerce;

(f) digital government;

(g) digital identities; and

(h) e-commerce security.

Chapter 11. GOVERNMENT PROCUREMENT

Article 11.1. COOPERATION

1. The Parties recognize the importance of cooperation in the field of public procurement in accordance with their respective laws and regulations and given the resources available.

2. The Parties shall cooperate with a view to improving transparency, promoting fair competition, and the use of electronic means in the field of government procurement.

3. Each Party shall inform the other Party as soon as possible of any significant changes to its laws, regulations, and

procedures relating to government procurement.

4. If both Parties become members of the Agreement on Government Procurement (AGP), Annex 4 to the Agreement on the World Trade Organization (WTO), including any subsequent amendments or revisions, a notification made by a Party under the Agreement regarding changes to laws, regulations, or procedures shall satisfy the requirement of paragraph 3.

5. The Parties shall endeavor to cooperate bilaterally in the following activities:

(a) exchange experiences and information, such as regulatory frameworks and best practices;

(b) develop and expand the use of electronic means in public procurement;

(c) developing the capacity of government officials in the area of best practices in public procurement;

(d) strengthen the institutional framework for compliance with this Chapter,

(e) improve the ability to provide access in English to procurement opportunities; and.

(f) hold seminars for suppliers to inform them about each Party's laws, regulations, and procedures related to government procurement.

6. The Parties shall endeavor to cooperate in providing opportunities in public procurement procedures to suppliers of goods and services of the Parties in areas of common interest, such as:

(a) medical equipment;

(b) pharmaceutical products;

(c) agricultural technologies;

(d) water technologies;

(e) food technologies;

(f) software, including cybersecurity;

(g) financial technologies (fintech);

(h) smart mobility; and

(i) information technology.

Article 11.2. INFORMATION ON THE PROCUREMENT SYSTEM

1. For transparency purposes, each Party shall make its laws and regulations relating to government procurement publicly available.

2. The Parties shall exchange lists of media outlets in which they publish relevant information on public procurement.

3. Each Party shall endeavor to establish and maintain electronic means for publishing its laws and regulations and information on government procurement, subject to available resources.

4. Each Party may expand the content of information on public procurement and the scope of services provided through electronic means.

Article 11.3. INFORMATION EXCHANGE AND CONSULTATIONS

1. At the request of one Party, the other Party shall provide responses to questions related to its public procurement framework within a reasonable period of time.

2. The Parties shall exchange information and conduct consultations through the Contact Point established under Article 11.5 in the form of a meeting or by other means agreed upon by the Parties.

Article 11.4. NO APPLICATION OF THE DISPUTE SETTLEMENT MECHANISM

Neither Party may resort to the dispute settlement mechanism under this Agreement for any matter arising under this

Chapter.

Article 11.5. CONTACT POINTS

The Coordinators of the Parties designated in Chapter 17 (Administration of the Agreement) shall serve as Contact Points to oversee and facilitate the implementation of this Chapter.

Chapter 12. INTELLECTUAL PROPERTY RIGHTS

Section A. GENERAL PROVISIONS

Article 12.1. PRINCIPLES AND OBJECTIVES

1. Each Party shall endeavor to maintain intellectual property regimes that aim to:

(a) facilitate international trade and economic, social, and cultural development and innovation through the dissemination of ideas, technology, and creative works; and

(b) promote certainty for intellectual property rights holders and users regarding the protection and enforcement of intellectual property rights.

2. The Parties recognize the need to strike a balance between the rights of intellectual property rights holders and the legitimate interests of intellectual property users.

Article 12.2. INTERNATIONAL AGREEMENTS

1. The Parties reaffirm their rights and obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights (1), included in Annex 1C of the WTO Agreement (hereinafter referred to as the "TRIPS Agreement") and any other agreement relating to intellectual property to which both are parties.

(1) For greater certainty, it is understood that the Parties recognize the importance of the Declaration on the TRIPS Agreement and Public Health adopted on November 14, 2001, by the WTO Ministerial Conference.

2. To this end, nothing in this Chapter shall derogate from the rights and obligations that the Parties have towards each other under the TRIPS Agreement or any other agreement on intellectual property to which both are parties.

Article 12.3. ENHANCED PROTECTION AND ENFORCEMENT

Each Party may provide for broader protection and enforcement of intellectual property rights under its law than is required by this Chapter, provided that the broader protection does not contravene this Chapter.

Article 12.4. NATIONAL TREATMENT

With respect to all categories of intellectual property covered by this Chapter, each Party shall accord to the nationals of the other Party treatment no less favorable than that it accords to its own nationals with respect to the protection (2) and the enjoyment of intellectual property, without prejudice to the provisions of Articles 3 and 5 of the TRIPS Agreement and subject to the exceptions provided for in any other international agreement on intellectual property to which both Parties are parties. With respect to performers, producers of phonograms, and broadcasting organizations, this obligation applies only to the rights provided for in this Agreement.

(2) For purposes of this Chapter, "protection" shall include matters affecting the availability, acquisition, scope, maintenance, and enforcement of intellectual property rights, as well as matters affecting the use of intellectual property rights specifically addressed in this Chapter.

Article 12.5. TRANSPARENCY

In order to make the protection and enforcement of intellectual property rights transparent, each Party shall ensure that the laws, regulations, and procedures relating to the protection or enforcement of intellectual property rights are in writing and

are published (3) or, where publication is not possible, made available to the public.

(3) For greater certainty, a Party may satisfy the requirement in Article 12.5 to publish a law, regulation, or procedure by making it publicly available on the Internet.

Section B. TRADEMARKS

Article 12.6. TRADEMARK PROTECTION

1. Any sign or combination of signs capable of distinguishing the goods or services of one enterprise from those of other enterprises shall be eligible for trademark protection.

2. Each Party shall provide adequate and effective protection for trademarks, including certification marks, collective marks, and service marks, for goods and services. (4)

(4) For greater certainty, it is understood that a Party is not required to treat certification or collective marks as a separate category in that Party's legislation, provided that such marks are protected.

3. No Party may require, as a condition for registration, that signs be visually perceptible. (5)

(5) For greater certainty, it is understood that the Parties may require a visually perceptible description of the trademark

4. Each Party shall provide that the owner of a registered trademark shall have the exclusive right to prevent third parties, without his consent, from using in the course of trade identical or similar signs for goods or services identical or similar to the goods or services for which the owner's trademark is registered, where such use is likely to cause confusion. In the case of use of an identical sign for identical goods or services, the likelihood of confusion shall be presumed. The rights described above shall not affect any prior existing rights or the possibility for the Parties to grant rights based on use.

5. Each Party shall provide that the initial registration and each renewal of the registration of a trademark shall be for a term of not less than 10 years.

Article 12.7. EXCEPTIONS

Each Party may provide for limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take into account the legitimate interests of the trademark owner and third parties.

Article 12.8. WELL-KNOWN TRADEMARKS

1. No Party may require, as a condition for determining that a trademark is well known, that the trademark be registered in the Party or in another jurisdiction, be included in a list of well-known trademarks, or have received prior recognition as a well-known trademark.

2. In determining whether a trademark is well known in a Party, the competent authority of that Party shall take into account the awareness of the trademark in the relevant sector of the public, including awareness of the trademark in the Party concerned that has been obtained as a result of promotion of the trademark.

3. Protection under this Article shall not be limited to identical or similar goods or services where the registered trademark is well known in the respective Party, provided that the use of a trademark that is identical or similar to the aforementioned well-known trademark in relation to such goods or services indicates a connection between such goods or services and the owner of the registered trademark, and provided that such use is likely to harm the interests of the owner of the registered trademark.

4. Each Party shall establish appropriate measures to refuse the application or cancel the registration and prohibit the use of a trademark that is identical or similar to a well-known trademark, for identical or similar goods or services, if the use of that trademark is likely to cause confusion with the earlier well-known trademark. (6)

(6) For greater certainty, it is understood that in paragraph 4 the term "well-known trademark" includes well-known unregistered trademarks.

Article 12.9. TRADEMARK REGISTRATION AND APPLICATION

1. Each Party shall establish a system for the registration of trademarks, which shall include:

(a) the requirement to provide the applicant with written communication, which may be provided electronically, of the reasons for refusal to register a trademark;

(b) an opportunity for the applicant to respond to communications from the trademark authorities, challenge an initial refusal, and appeal a final refusal of registration to a court;

(c) an opportunity for any person to oppose a trademark application prior to registration and an opportunity for interested parties to request the cancellation or invalidation of a trademark after it has been registered; and

(d) the requirement that decisions in opposition and cancellation proceedings be reasoned and issued in writing. Written decisions may be submitted electronically.

2. Each Party shall provide a system for the electronic application, processing, registration, and maintenance of trademarks.

3. Each Party shall, to the extent possible, provide a publicly available electronic database, including an online database, of trademark applications and registrations. (7)

(7) For greater certainty, this section does not require a Party to publish such information in a language other than the national language of that Party.

Section C. GEOGRAPHICAL INDICATIONS

Article 12.10. PROTECTION OF GEOGRAPHICAL INDICATIONS

1. For the purposes of this Chapter, geographical indications are indications that identify a product as originating in the territory of a Party, or in a region or locality in that territory, where a given quality, reputation, or other characteristic of the product is essentially attributable to its geographical origin.

2. Recognizing the importance of protecting geographical indications, each Party shall provide adequate and effective protection for geographical indications in accordance with the TRIPS Agreement.

3. The Parties reaffirm their rights and obligations under the Lisbon Agreement. The protection provided for in this Chapter shall be granted to geographical indications and appellations of origin protected by the Parties.

Section D. PATENTS

Article 12.11. PATENTABLE SUBJECT MATTER

1. Each Party shall grant patents for any invention, whether a product or a process, in all fields of technology, provided that the invention is new, involves an inventive step, and is capable of industrial application (8). In addition, each Party may provide that patents shall be granted for any new use or method of using a known product.

(8) A Party may treat the terms "inventive step" and "susceptible of industrial application" as synonymous with the terms "non-obvious" and "useful," respectively.

2. Each Party may exclude from patentability (9) inventions whose commercial exploitation is prevented in its territory in order to protect public order or morality, including to protect the life or health of humans, animals, or plants, or to prevent serious damage to the environment, provided that such exclusion is not made simply because the exploitation is prohibited by its legislation.

(9) For greater certainty, it is understood that this paragraph does not prevent a Party from legislating exceptions to patentability that are consistent with Article 27 of the TRIPS Agreement.

Article 12.12. EXCEPTIONS

Each Party may provide for limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with the normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking into account the legitimate interests of third parties.

Article 12.13. GRACE PERIOD

Each Party may disregard information contained in public disclosures used to determine whether an invention is novel or involves an inventive step if the public disclosure:

(a) was made or authorized by, or derived from, the patent applicant; and

(b) occurred within 12 months prior to the date of filing of the application in the territory of the Party.

Article 12.14. AMENDMENTS, CORRECTIONS, AND OBSERVATIONS

Each Party shall provide patent applicants with at least one opportunity to make amendments, corrections, and observations (10) in relation to their applications.(11)

(10) For the purposes of this Article, "observations" means written communications from the applicant regarding the application filed.

(11) For greater certainty, it is understood that the scope of circumstances in which amendments, corrections, and observations are permitted may differ in each country according to its laws.

Section E. PROTECTION OF PLANT VARIETIES

Article 12.15. PROTECTION OF PLANT VARIETIES

The Parties affirm their respective rights and obligations under the International Convention for the Protection of New Varieties of Plants (1991).

Section F. DESIGNS

Article 12.16. PROTECTION OF REGISTERED DESIGNS

1. The Parties shall ensure that their domestic laws provide adequate and effective protection for registered industrial designs of an article or part of an article for a protection period of at least 10 years.

2. The owner of a registered design shall have the right to prevent third parties, without his consent, from manufacturing, selling, or importing articles bearing or incorporating the registered design when such acts are carried out for commercial purposes.

Article 12.17. EXCEPTIONS

Each Party may provide for limited exceptions to the protection of registered designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of registered designs and do not unreasonably prejudice the legitimate interests of the owner of the registered design, taking into account the legitimate interests of third parties.

Section G. UNFAIR COMPETITION AND UNDISCLOSED INFORMATION

Article 12.18. UNFAIR COMPETITION

The Parties shall be obliged to guarantee their nationals effective protection against unfair competition. Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition. The following are prohibited in particular:

(a) all acts of such a nature as to create confusion, by any means, with the establishment, products, or industrial or commercial activities of a competitor;

(b) false allegations in the course of trade of such a nature as to discredit the establishment, goods, or industrial or commercial activities of a competitor; or

(c) indications or assertions whose use in economic traffic may mislead the public as to the nature, mode of manufacture, characteristics, suitability for use, or quantity of the products.

Article 12.19. UNDISCLOSED INFORMATION

The Parties shall protect undisclosed information in accordance with Article 39 of the TRIPS Agreement.

Section H. COPYRIGHT AND RELATED RIGHTS (12) (13)

(12) For the purposes of this Chapter, except Article 12.23: (a) The terms "authors," "performers," and "producers of phonograms" also refer to any successor in title; and (b) The term "authors" also refers to any entity that would be considered the first owner of the copyright in a work under the law of the Party, such as an employer.

(13) For the purposes of this Chapter, "performance" means a performance fixed in a phonogram.

Article 12.20. PROTECTION GRANTED

Each Party shall comply with:

(a) Articles 1 to 22 of the International Convention on the Protection of Performers, Producers of Phonograms, and Broadcasting Organizations broadcasting organizations (1961) (Rome Convention); and

(b) Articles 1 to 18 of the Berne Convention for the Protection of Literary and Artistic Works (1971) (Berne Convention), including the reservations and exceptions (14) provided for therein.

(14) For greater certainty, exceptions include limitations.

Article 12.21. RIGHT OF REPRODUCTION

Each Party shall provide that authors and producers of phonograms have the right to authorize or prohibit (15) any reproduction of their works and phonograms, in any manner or form, permanent or temporary (including temporary storage in electronic form).

(15) For the purposes of this Chapter, the "right to authorize or prohibit" refers to exclusive rights.

Article 12.22. RIGHT OF MAKING AVAILABLE TO THE PUBLIC

Each Party shall grant authors the right to authorize or prohibit the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them.

Article 12.23. NO FORMALITY

No Party shall make the enjoyment and exercise of the rights of authors and producers of phonograms provided for in this Chapter subject to any formality.

Article 12.24. LIMITATIONS AND EXCEPTIONS

Each Party may, in its legislation, provide for limitations and exceptions to the rights granted to right holders referred to in this Section in certain special cases that do not conflict with the normal exploitation of the work and do not unreasonably

prejudice the legitimate interests of tight holders.

Article 12.25. COLLECTIVE MANAGEMENT OF COPYRIGHT AND RELATED RIGHTS

Each Party recognizes the importance of establishing agreements between its respective collective management entities to facilitate access to and distribution of content between the Parties, as well as to ensure the mutual transfer of royalties for the use of their works, performances, or phonograms. Each Party shall endeavor to achieve a high level of rationalization and improve transparency in the performance of the work of its respective collective management entities.

Article 12.26. RIGHTS OF PERFORMERS

In accordance with their rights and obligations under the Rome Convention, each Party shall provide that the protection afforded to performers includes the possibility of preventing:

(a) the broadcasting and communication to the public, without their consent, of their unfixed performance, except where the performance used in the broadcasting or communication to the public is already a broadcast performance or is made from a fixation; and

(b) the fixation, without their consent, of their unfixed performance.

Section I. PERFORMANCE

Subsection A. GENERAL OBLIGATIONS

Article 12.27. INTELLECTUAL PROPERTY RIGHTS ENFORCEMENT PRACTICES

In accordance with the laws and regulations of each Party:

(a) each Party shall provide that judicial decisions and final administrative rulings of general application concerning the enforcement of intellectual property rights shall be in writing and shall state the relevant findings of fact and the reasoning or legal basis on which the decisions and rulings are based; and

(b) each Party shall also provide that such decisions and rulings shall be published (16) or, where publication is not possible, otherwise made available to the public in its national language in a manner that allows the public and right holders to become aware of them.

(16) A Party may satisfy the publication requirement by making the decision or ruling available to the public on the Internet or other digital networks.

Article 12.28. MEASURES AGAINST INTERNET INFRINGEMENT

Each Party shall take measures to reduce copyright infringement on the Internet or other digital networks. (17)

(17) For greater certainty, it is understood that such measures may include, among others, legislation, guidelines, policies, and awareness campaigns.

Subsection B. CIVIL AND ADMINISTRATIVE PROCEDURES AND REMEDIES

Article 12.29. RIGHTS HOLDERS

Each Party shall make available to right holders (18) civil judicial procedures relating to the enforcement of any intellectual property right covered by this Chapter.

(18) For the purposes of this Article, "rights holder" means a person who exclusively holds one or more intellectual

Article 12.30. DAMAGES

Each Party shall provide that:

(a) in civil judicial proceedings, its judicial authorities shall have the authority to order the infringer to pay the right holder:

(i) damages adequate to compensate the right holder for the harm suffered as a result of the infringement; or

(ii) at least in the case of infringement of copyright or related rights and trademark counterfeiting, the infringer's profits attributable to the infringement, which may be presumed to be the amount of damages referred to in subparagraph (i);

(b) When determining damages for infringement of intellectual property rights, your judicial authorities may consider, among other things, the value of the infringed good or service, measured by the market price, the suggested retail price, or other legitimate measure of value presented by the right holder.

Article 12.31. PRE-ESTABLISHED DAMAGES

In civil judicial proceedings, at least with respect to works, phonograms, and performances protected by copyright or related rights, and in cases of trademark counterfeiting, each Party may establish or maintain fixed damages, which shall be available at the option of the right holder.

Article 12.32. LEGAL COSTS

The judicial authorities of each Party shall also have the power to order the infringer to pay the costs of the right holder, which may include the corresponding attorneys' fees.

Article 12.33. CONFISCATION

In civil judicial proceedings concerning infringements of copyright or related rights and trademark counterfeiting, each Party shall provide that its judicial authorities shall have the authority, in accordance with its laws and regulations, to order the seizure of the allegedly infringing goods, materials, and instruments related to the act of infringement and, at least in the case of trademark counterfeiting, of the documentary evidence relevant to the infringement. (19)

(19) A Party may comply with this obligation through provisional measures.

Article 12.34. OTHER REMEDIES, INCLUDING DESTRUCTION

In order to create an effective deterrent against infringements, the judicial authorities of each Party shall have the power to order that goods they consider to be infringing be destroyed, without compensation, or, unless this is contrary to their laws and regulations, removed from commercial circulation in such a way as to prevent any harm to the right holder. The judicial authorities of each Party shall also have the authority to order that materials and implements whose predominant use has been in the creation of infringing goods be removed, without compensation, from commercial channels in a manner that minimizes the risk of further infringements. In considering such requests, the proportionality between the seriousness of the infringement and the corrective measures ordered, as well as the interests of third parties, shall be taken into account. With respect to counterfeit trademarked goods, the mere removal of the unlawfully affixed trademark shall not, except in exceptional cases, be sufficient to permit their release into the commercial channels.

Article 12.35. INFORMATION RELATED TO INFRINGEMENT

Each Party shall provide that in civil judicial proceedings concerning the enforcement of intellectual property rights, its judicial authorities (20) shall have the power, where they deem it appropriate for the purpose of gathering evidence, to order a party to provide any information relevant to the infringement to the judicial authorities or to the right holders.

(20) In accordance with the laws and regulations of each Party.

Article 12.36. CONFIDENTIALITY ORDER

Each Party shall provide that its judicial authorities have the power, in appropriate cases, to fine or imprison a party to civil proceedings who fails to comply with valid orders issued by those authorities.

Article 12.37. PROHIBITION OF INFRINGING IMPORTS AND EXPORTS

In civil judicial proceedings concerning the enforcement of intellectual property rights, each Party shall provide that its judicial authorities have the authority to order a party to cease an infringement, in order, among other things, to prevent infringing imports from entering the commercial channels and to prevent the exportation of infringing goods.

Article 12.38. ALTERNATIVE DISPUTE RESOLUTION

Each Party may permit the use of alternative dispute resolution procedures to resolve civil disputes concerning intellectual property rights.

Article 12.39. PROVISIONAL MEASURES

1. Each Party shall provide that its judicial authorities have the authority to order prompt and effective provisional measures:

(a) to prevent an infringement of any intellectual property right from occurring and, in particular, to prevent goods that infringe an intellectual property right from entering the channels of commerce in a Party's jurisdiction; and

(b) preserve relevant evidence concerning the alleged infringement.

2. Each Party shall provide that its judicial authorities shall have the authority to adopt provisional measures without hearing the other party where appropriate, in particular where any delay would cause irreparable harm to the right holder or where there is a demonstrable risk of destruction of evidence.

3. The judicial authorities shall have the power to require the applicant to provide any reasonably available evidence to satisfy themselves to a sufficient degree of certainty that the applicant is the right holder and that his right is being infringed or that such infringement is imminent, and to order the applicant to provide a bond or equivalent security sufficient to protect the defendant and prevent abuse.

Subsection C. SPECIAL REQUIREMENTS RELATING TO BORDER MEASURES

Article 12.40. SCOPE OF APPLICATION OF BORDER MEASURES

Each Party shall, in accordance with the provisions of Part III, Section 4 of the TRIPS Agreement, adopt procedures that allow a right holder who has valid grounds for suspecting that (21) the importation of counterfeit trademark goods or pirated copyright goods may take place, to file a written application with the competent administrative or judicial authorities of the Party where the border measures procedures are applied, requesting that the customs authorities of that Party suspend the release of such goods into free circulation. A Party may allow such a request to be made in respect of goods involving other infringements of intellectual property rights, provided that the requirements of this Section are met. A Party may also establish corresponding procedures for the suspension by customs authorities of the release of infringing goods destined for export from its territory. (22)

(21) For the purposes of this Chapter: (a) the term "counterfeit trademark goods" means any goods, including packaging, bearing without authorization a trademark that is identical to the trademark validly registered in respect of such goods, or that cannot be distinguished in its essential aspects from such a trademark, and that thereby infringes the rights of the owner of the trademark in question under the law of the country of importation; and (b) the term "pirated copyright goods" means any goods that are a copy made without the consent of the right holder or a person duly authorized by the right holder in the country of production and that are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or related right under the law of the Party where the border measures procedures are applied.

(22) For greater certainty, the Parties understand that there shall be no obligation to apply the procedures set out in this Section to goods placed on the market in another country by or with the consent of the right holder in that country.

Article 12.41. GUARANTEE OR EQUIVALENT SECURITY

Each Party shall provide that its competent authorities have the authority to require the right holder seeking the procedures

provided for in this Section to furnish a reasonable bond or equivalent security sufficient to protect the defendant and the competent authorities and to prevent abuse. Each Party shall provide that such bond or equivalent security shall not unreasonably deter recourse to these procedures.

Article 12.42. RIGHT OF INSPECTION

Without prejudice to the protection of confidential information, the Parties shall grant the competent authorities the power to give the right holder sufficient opportunity to have goods detained by customs authorities inspected in order to substantiate their claims.

Article 12.43. DE MINIMIS IMPORTS

Each Party may exclude from the application of this Subsection small quantities of goods of a non-commercial nature contained in travelers' personal baggage or sent in small consignments.

Article 12.44. DESTRUCTION

Each Party may provide that goods whose release has been suspended by its customs authorities and that have been seized as pirated or counterfeit shall be destroyed, except in exceptional circumstances, and in the case of goods bearing counterfeit trademarks, the mere removal of the illicitly affixed trademark shall not be sufficient to permit the release of the goods into commercial channels.

Subsection D. CRIMINAL PROCEDURES AND REMEDIES

Article 12.45. CRIMINAL PROCEDURES AND PENALTIES

Each Party shall establish procedures and criminal penalties to be applied at least in cases of intentional trademark counterfeiting or copyright piracy on a commercial scale and may treat piracy of related rights in a similar manner. (23)

(23) For greater certainty, it is understood that the unauthorized copying of a cinematographic work after its presentation in a movie theater for the purpose of commercialization therein is included in this provision. For the purposes of this Article, a Party may consider the term "copy" to be synonymous with "reproduction."

Article 12.46. PENALTIES, SEIZURE, FORFEITURE, AND DESTRUCTION

In addition to Article 12.45, each Party shall provide:

(a) penalties that include imprisonment as well as monetary fines sufficient to deter future infringements, consistent with a policy of eliminating the monetary incentive for the infringer;

(b) that, in appropriate cases, the remedies available shall also include seizure, forfeiture, and destruction of infringing goods and any material and instruments whose predominant use has been in the commission of the offense; and.

that its authorities may initiate legal proceedings ex officio in relation to the crimes described in this Chapter, without the need for a formal complaint from a private individual or rights holder.

Section J. COOPERATION AND EXCHANGE OF INFORMATION

Article 12.47. COOPERATION AND EXCHANGE OF INFORMATION

1. In addition to any existing forms of cooperation between the Parties in the field of intellectual property, the Parties shall endeavor to cooperate in the matters covered by this Chapter, including, but not limited to:

(a) enforcement of rights;

(b) the exchange of information related to developments in national and international intellectual property policy; and

(c) the exchange of experiences in the implementation of multilateral agreements on intellectual property and with respect to industrial property registration systems.

2. The Parties shall engage in cooperation activities and exchange information in accordance with this Chapter, on the basis of requests, subject to the availability of resources and on mutually agreed terms and conditions.

Chapter 13. SMALL AND MEDIUM-SIZED ENTERPRISES

Article 13.1. GENERAL PRINCIPLES

1. The Parties, recognizing the fundamental role of micro, small, and medium-sized enterprises in maintaining the dynamism and improving the competitiveness of their respective economies, shall promote close cooperation between the Parties' SMEs and shall cooperate in the growth and promotion of employment in SMEs.

2. The Parties recognize the integral role of the private sector in the implementation of SME cooperation activities under this Chapter.

Article 13.2. COOPERATION TO INCREASE TRADE AND INVESTMENT OPPORTUNITIES FOR SMEs

With a view to stronger cooperation between the Parties to improve trade opportunities for SMEs, the Parties may:

(a) identify ways to assist the Parties' SMEs in taking advantage of trade opportunities under this Agreement;

(b) collaborate on activities that promote women-owned SMEs and their participation in international trade;

(c) exchange and discuss each Party's experiences, information, and best practices in supporting and assisting SMEs with respect to, among other things, training programs, trade education, trade financing, identifying business partners in the other Party, and establishing good business references;

(d) promote the participation of SMEs in digital trade to take advantage of the opportunities provided by this Agreement and quickly access new markets; and

(e) discuss current issues related to SMEs.

Article 13.3. INFORMATION EXCHANGE

1. Each Party shall establish or maintain its own free, publicly accessible website containing information on this Agreement, including:

(a) the text of this Agreement, including all annexes, tariff elimination schedules, and product-specific rules of origin;

(b) a summary of this Agreement; and

(c) information designed for SMEs containing:

(i) a description of the provisions of this Agreement that the Party considers would be relevant to SMEs; and

(ii) any additional information that would be useful to SMEs interested in benefiting from the opportunities provided by this Agreement.

2. Each Party shall include on its website, referred to in paragraph 1, links to:

(a) the equivalent website of the other Party; and

(b) the websites of its government agencies and other appropriate entities that provide information that the Party considers useful to any person interested in trading or doing business in the territory of that Party.

3. The information described in paragraph 2(b) may include:

(a) customs regulations, procedures, or points of contact;

(b) regulations and procedures on intellectual property rights;

(c) technical regulations, standards, conformity assessment procedures;

(d) sanitary and phytosanitary measures relating to import or export;

(e) investment regulations;

(f) company registration procedures;

(g) trade promotion programs;

(h) SME financing programs;

(i) public procurement opportunities; and

(j) other information that the Party considers useful for SMEs.

4. Each Party shall endeavor to ensure that the information and links on the website referred to in paragraph 1 are up to date and accurate.

5. Where possible, each Party shall endeavor to make the information referred to in this Article available in English.

Article 13.4. FOCAL POINTS

1. The coordinators of the Parties designated in Article 17.3 (Agreement Coordinators) shall act as focal points to facilitate communication on possible cooperation activities. The focal points shall be responsible for collaborating with their respective ministries and government agencies, representatives of the business sector, and educational and research institutions for the operation of this Chapter.

2. The Focal Points may consider any matter falling under this Chapter, which may include, subject to the resources available to each Party: coordinating cooperation activities generated under this Chapter and identifying new opportunities for prospective cooperation.

Article 13.5. NON-APPLICATION OF DISPUTE SETTLEMENT

No Party may resort to dispute settlement under this Agreement for any matter arising under this Chapter.

Chapter 14. COOPERATION IN TECHNOLOGY AND INNOVATION IN TRADE

Article 14.1. OBJECTIVES

1. The Parties recognize that cooperation under this Chapter is complementary to the cooperation activities set out in other Chapters of this Agreement.

2. Cooperation shall aim to create a more favorable business environment, stimulate productive synergies, and generate new opportunities for trade and investment by promoting competitiveness and innovation in the areas of technology, trade and the environment, and trade and agriculture, including agricultural technology.

Article 14.2. METHODS AND MODALITIES

1. Cooperation between the Parties under this Agreement shall be carried out using the instruments and resources available, in accordance with their respective laws, regulations, and procedures, and through the competent agencies.

2. The Parties may identify and develop specific projects, programs, and activities through a mutually agreed work program capable of adding value to their relations. Such activities may include:

(a) the joint organization of conferences, seminars, workshops, meetings, training sessions, and outreach and education programs;

(b) the joint development of technological and practical demonstrations, applied research projects, studies, and reports;

(c) the exchange of delegations, professionals, and specialists from academia, research institutions, the private sector, and government agencies, including study visits and internship programs for professional training;

(d) the promotion of dialogue and exchange of experiences between the private sector and the Parties' agencies involved in trade promotion; and

(e) jointly promoting business initiatives among entrepreneurs of the Parties.

Article 14.3. RESOURCES

All cooperation under this Agreement shall be subject to the availability of funds and resources, such as human, technological, material, and organizational resources, in accordance with the capacities of the Parties.

Article 14.4. FOCAL POINTS

The coordinators of the Parties, designated in Article 17.3 (Agreement Coordinators), shall act as focal points to facilitate communication on possible cooperation activities.

Article 14.5. NON-APPLICATION OF DISPUTE SETTLEMENT

No Party may resort to dispute settlement under this Agreement for any matter arising under this Chapter.

Chapter 15. COMPETITION

Article 15.1. OBJECTIVES

Considering the importance of free competition in their trade relations, the Parties recognize that the prohibition of anti-competitive practices, the implementation of competition policies, and cooperation in matters covered by this Chapter will help prevent the benefits of trade liberalization from being undermined and will promote economic efficiency, consumer welfare, and the proper functioning of markets.

Article 15.2. COMPETITION LAW AND AUTHORITIES

1. Each Party shall maintain competition laws that promote and protect competition in its market by prohibiting anti-competitive practices. Each Party shall take appropriate measures with respect to such practices with the aim of promoting economic efficiency and the proper functioning of markets.

2. Each Party shall maintain one or more authorities responsible for the enforcement of its competition laws.

3. Each Party shall ensure that any exclusion or exemption from its competition laws and regulations is transparent and based on public policy or public interest considerations.

4. Each Party shall ensure the independence of decision-making by its authority or authorities in relation to the enforcement of competition laws and regulations.

Article 15.3. ENFORCEMENT

The enforcement policy of the Parties' competition authorities shall be consistent with the principles of transparency, expediency, non-discrimination, and procedural fairness, as specified below:

(a) Each Party shall make its competition laws and regulations available to the public. Each Party shall ensure that all final decisions determining a violation of its competition laws are issued in writing and set forth the relevant factual findings and legal grounds on which the decision is based.

(a) Each Party recognizes the importance of expediting the processing of competition cases. Each Party shall ensure that its competition authority competition authority seeks to complete its investigations within a reasonable timeframe where no timeframe for such investigations is established under its respective competition laws, regulations, guidelines, or procedures.

(b) Each Party shall apply and enforce its competition laws and regulations in a manner that does not discriminate on the basis of nationality.

(b) Each Party shall ensure that, before imposing a sanction or corrective measure on any person or entity for violating its competition laws or regulations, that person or entity is given in writing the reasons for the allegations that its competition laws or regulations have been violated, and is given a fair opportunity to be heard and to present evidence.

(c) Each Party shall ensure that any person or entity subject to the imposition of a sanction or corrective measure under its

competition laws and regulations has access to an independent review or appeal of that sanction or corrective measure before a court of that Party.

Article 15.4. COOPERATION

1. The Parties recognize the importance of cooperation between their respective competition authorities in promoting the effective enforcement of their competition laws and achieving the objectives of this Agreement. Accordingly, the Parties may cooperate in relation to the enforcement of their respective competition laws and policies, including through notification, consultation, technical cooperation, and exchange of information, as specified in this Article, within available resources and in any area they deem appropriate.

Notifications

2. Each Party, through its competition authority, shall notify the competition authority of the other Party in English of any enforcement activity relating to an anticompetitive practice if it considers that such enforcement activity may substantially affect important interests of the other Party.

3. Provided that it is not contrary to the laws of the Parties and does not affect any ongoing investigation, notification shall be given at an early stage of the enforcement activity.

Consultations

4. To promote mutual understanding between the Parties, or to address specific issues arising under this Chapter, each Party shall, at the request of the other Party and subject to the availability of resources, enter into consultations on matters raised by the other Party.

5. The Party to which a request for consultations has been addressed shall give full and comprehensive consideration to the concerns of the other Party.

Information Exchange and Confidentiality

6. The competition authorities of the Parties may, at their discretion and as they deem appropriate, establish arrangements or agreements to exchange information to facilitate the effective enforcement of their respective competition laws, provided that this does not affect any ongoing investigations or other objectives of each Party and is consistent with each Party's confidentiality rules and standards.

Article 15.5. STATE-OWNED ENTERPRISES AND DESIGNATED MONOPOLIES

1. The Parties shall ensure that state enterprises and designated monopolies are subject to their respective competition laws, to the extent that the application of this provision does not impede the performance, in fact or in law, of the particular public tasks assigned to them.

2. Nothing in this Chapter shall be construed to prevent a Party from establishing or maintaining state-owned enterprises or designated monopolies.

Article 15.6. NON-APPLICATION OF DISPUTE SETTLEMENT

No Party may resort to dispute settlement under this Agreement for any matter arising under this Chapter.

Article 15.7. DEFINITIONS

For purposes of this Chapter:

anti-competitive practice means:

(a) agreements between enterprises and decisions by associations of enterprises that have as their object or effect the prevention, restriction, or distortion of competition;

(b) any abuse of a dominant position or substantial market power by one or more enterprises; or

(c) mergers or other structural combinations, as defined in the competition laws of each Party, of undertakings that significantly impede effective competition, in particular as a result of the creation or strengthening of a dominant position or substantial market power;

competition authority means:

(a) for Costa Rica, the Commission for the Promotion of Competition and the Superintendency of Telecommunications, or their successors; and

(b) for Israel, the Israel Competition Authority or its successors; and. competition law means: (a) For Costa Rica, Law on Promotion of Competition and Effective Consumer Protection, Law No. 7472 of December 20, 1994; Law on Strengthening the Competition Authorities of Costa Rica, Law No. 9736 of September 5, 2019; and General Telecommunications Law, Law No. 8642 of June 4, 2008; and their regulations and amendments; and

(b) for Israel, the Economic Competition Law, 5748-1988.

Chapter 16. TRANSPARENCY

Article 16.1. PUBLICATION

The Parties shall publish on an official website or otherwise make available in such a manner as to allow interested persons to become acquainted with their laws, regulations, administrative tulings of general application, and their respective international agreements that may affect the operation of this Agreement.

Article 16.2. NOTIFICATION AND PROVISION OF INFORMATION

1. To the extent possible, a Party shall notify the other Party of a proposed measure or a modification to an existing measure that it considers could substantially affect the operation of this Agreement or substantially affect the interests of the other Party under this Agreement.

2. Upon request by the other Party, a Party shall respond promptly and provide information, to the extent possible, to questions regarding an existing or proposed measure, even if the other Party was previously notified of such measure.

3. Any notification, request, or information under this Article shall be provided to the other Party through the Agreement Coordinators, unless the Parties agree otherwise.

4. Any notification or information provided under this Article shall not prejudge whether the measure is consistent with this Agreement.

Article 16.3. ADMINISTRATIVE PROCEDURES

In order to administer consistently, impartially, and reasonably a measure of general application affecting matters covered by this Agreement, each Party shall ensure that, in an administrative proceeding involving a specific case, if a measure referred to in Article 16.1 applies to a particular person, service, or good of the other Party:

(a) whenever possible, the person of the other Party who is directly affected by a proceeding is given reasonable notice, in accordance with domestic procedures, when such a proceeding is initiated, including a description of the nature of the proceeding, a statement of the legal authority under which the proceeding is initiated, and a general description of the issues in dispute;

(b) such persons are given a reasonable opportunity to present facts and arguments in support of their position before a final administrative action is taken, where time, the nature of the proceedings, and the public interest permit; and

(c) the administrative proceeding is conducted in accordance with the law of that Party.

Article 16.4. REVIEW AND APPEAL

1. Each Party shall establish or maintain judicial, quasi-judicial, or administrative tribunals or procedures for the purpose of prompt review and, where appropriate, correction of administrative actions relating to matters covered by this Agreement. Such tribunals shall be impartial and independent of the office or authority responsible for administrative enforcement and shall have no substantial interest in the outcome of the matter.

2. Each Party shall ensure that, in such tribunals or procedures, the parties to the proceedings are given the right to:

(a) a reasonable opportunity to support or defend their respective positions; and

(b) a decision based on the evidence and arguments in the record or, where required by that Party's law, in the record prepared by the administrative authority.

3. Each Party shall ensure, subject to appeal or further review as provided for in its legislation, that such a decision is implemented by, and governs the actions of, the relevant office or authority in relation to the administrative measure in question. If such decisions are subject to appeal or review under the legislation of that Party, that Party may wait until the appeal or review is concluded before ensuring the aforementioned implementation and enforcement.

Article 16.5. DEFINITIONS

For the purposes of this Chapter:

administrative rulings of general application means an administrative ruling or interpretation that applies to a person and a factual situation that falls within the general scope of that ruling or interpretation and that establishes a standard of conduct, but does not include:

(a) a determination or decision issued in an administrative or quasi-judicial proceeding that applies to a particular person, good, or service of the other Party in a specific case; or

(b) a resolution that decides on a particular act or practice.

Chapter 17. ADMINISTRATION OF THE AGREEMENT

Article 17.1. JOINT COMMITTEE

1. The Parties establish a Joint Committee composed of the Minister of Economy and Industry of Israel and the Minister of Foreign Trade of Costa Rica, or their respective successors or designees.

2. The Joint Committee shall:

(a) be responsible for the administration of this Agreement and review all aspects of trade-related issues;

(b) ensure the proper implementation, facilitation, and functioning of this Agreement and the application of its provisions, and consider other ways to achieve its overall objectives;

(c) evaluate the results obtained from the implementation of this Agreement, in particular the evolution of trade and economic relations between the Parties;

(d) oversee the work of all subcommittees, working groups, and other bodies established under this Agreement and recommend necessary measures;

(e) evaluate and take the decisions provided for in this Agreement on any matter referred to it by any subcommittee, working group, or other body established under this Agreement;

(f) monitor the further development of this Agreement;

(g) keep under review the possibility of further removing barriers to trade between the Parties;

(h) without prejudice to Chapter 18 (Dispute Settlement) and other provisions of this Agreement, explore the most appropriate way to prevent or resolve any difficulties that may arise in relation to the matters covered by this Agreement; and.

(i) consider any other matters of interest related to this Agreement.

3. The Joint Committee may:

(a) agree to initiate negotiations with a view to further liberalizing trade in the sectors covered by this Agreement;

(b) recommend to the Parties the adoption of any amendments to the provisions of this Agreement. Such amendments shall enter into force in accordance with the procedure set out in Article 20.2 (Amendments).

(c) adopt uniform procedures in accordance with the procedures set out in paragraph 5 of Article 4.11 (Subcommittee on Customs and Rules of Origin) that may be necessary for the administration, application, and interpretation of this Agreement in customs matters and related issues;

(d) modify, without prejudice to the objectives of this Agreement, by decision of the Joint Committee:

(i) its tariff schedule in Annex 2-B (Reduction or Elimination of Customs Duties), for the purpose of adding one or more goods excluded from a Party's Schedule;

ii) the deadlines set out in the Lists in Annex 2-B (Reduction or Elimination of Customs Duties),

(iii) the specific rules of origin set out in Annex 3-A (Specific Rules of Origin);

(iv) the list of originating goods pursuant to paragraph 3 of Article 3.14 set forth in Annex 3-B (List of Originating Goods Pursuant to Paragraph 3 of Article 3.14);

(v) the list of non-Parties pursuant to paragraph 3 of Article 3.14 set out in Annex 3-C (List of Non-Parties pursuant to Paragraph 3 of Article 3.14);

(vi) the declaration of origin set out in Annex 3-D (Declaration of Origin),

(vii) the Rules of Procedure for Panel Proceedings set forth in Annex 18-A and the Code of Conduct set forth in Annex 18-B; and

(viii) any uniform procedures adopted pursuant to subparagraph 3(c).

Each Party shall implement, subject to compliance with its applicable domestic legal procedures and prior notification thereof, any modification referred to in this subparagraph, within the timeframe agreed upon by the Parties (1);

(1) For Costa Rica, the decisions of the Joint Committee under subparagraphs 3(c) and (d) shall be equivalent to the instrument referred to in Article 121.4, third paragraph (lower-ranking protocol) of the Political Constitution of the Republic of Costa Rica.

(e) adopt interpretations of the provisions of this Agreement. Such interpretations shall be taken into consideration by a Panel established under Chapter 18 (Dispute Settlement). However, interpretations adopted by the Joint Committee shall not constitute an amendment or modification of the provisions of this Agreement; and

(f) take any other action in the exercise of its functions that the Parties may agree upon.

4. The Joint Committee shall meet as necessary at the written request of either Party.

5. The Joint Committee shall meet alternately in San José and Jerusalem. The host Party may decide to hold the Joint Committee meeting at a different location.

6. All decisions of the Joint Committee shall be taken by mutual agreement.

7. The Joint Committee shall determine its own rules of procedure, as well as its meeting schedule and the agenda for its meetings.

8. Meetings of the Jomt Committee may be held in person or by any other technological means determined by the Parties.

Article 17.2. ESTABLISHMENT OF SUBCOMMITTEES, WORKING GROUPS, AND OTHER BODIES

1. The Parties established the following subcommittees:

(a) a Subcommittee on Trade in Goods; and.

(b) a Subcommittee on Customs and Rules of Origin. 2. The Joint Committee may establish and delegate responsibilities to other subcommittees, working groups, or other bodies composed of representatives of both Parties to assist it in the performance of its functions. To this end, the Joint Committee shall determine the composition, functions, and rules of procedure of such subcommittees, working groups, or other bodies.

3. The subcommittees, working groups, and other bodies shall inform the Joint Committee, sufficiently in advance, of their meeting schedule and agenda. The subcommittees, working groups, and other bodies shall submit summaries of their meetings to the Joint Committee.

4. All decisions, recommendations, and opinions of the subcommittees, working groups, and other bodies shall be adopted by mutual consent.

5. Meetings of subcommittees, working groups, and other bodies may be held in person or by any other technological means determined by the Parties.

Article 17.3. AGREEMENT COORDINATORS

1. Each Party shall designate an Agreement Coordinator as follows:

(a) for Costa Rica, the General Directorate of Foreign Trade, Ministry of Foreign Trade, or its successor; and.

(b) for Israel, the Department of Bilateral Agreements, Foreign Trade Administration, Ministry of Economy and Industry, or its successor.

2. The Agreement Coordinators shall:

(a) work together to develop agendas;

(b) make other preparations for Joint Committee meetings,

(c) follow up on the decisions of the Joint Committee as appropriate;

(d) act as points of contact to facilitate communication between the Parties on any matter covered by this Agreement, unless otherwise provided in this Agreement;

(e) receive and respond to any notifications, requests, and information submitted under this Agreement, unless otherwise provided for in this Agreement; and

(f) assist the Joint Committee in any other matter referred to it by the Joint Committee.

3. The Agreement Coordinators may meet as necessary, including by any available technological means.

Chapter 18. DISPUTE RESOLUTION

Article 18.1. OBJECTIVE

1. The objective of this Chapter is to establish an effective and efficient dispute settlement mechanism between the Parties concerning their rights and obligations under this Agreement.

2. The Parties shall endeavor to agree on the interpretation and application of this Agreement and shall make every effort through cooperation, consultation, or other means to reach a mutually agreed solution to any matter that may affect its operation.

3. In the absence of a mutually satisfactory solution, the primary objective of this Chapter shall be to ensure the withdrawal of the measures in question if they are found to be inconsistent with the other provisions of this Agreement.

Article 18.2. SCOPE AND COVERAGE

Except for matters arising under the agreements referred to in paragraph 1 of Article 7.2 (Imposition of Global Safeguard Measures), Chapters 8 (Investment), 11 (Government Procurement), 13 (Small and Medium-Sized Enterprises), 14 (Cooperation in Technology and Innovation in Trade), and 15 (Competition), and unless otherwise provided in this Agreement, the provisions of this Chapter shall apply to the prevention or settlement of all disputes between the Parties concerning the interpretation or application of this Agreement, or where a Party considers that:

(a) a measure of the other Party is inconsistent with its obligations under this Agreement;

(b) the other Party has otherwise failed to fulfill its obligations under this Agreement; or

(c) a benefit that the Party could reasonably have expected to obtain under Chapter 2 (Trade in Goods) and Chapter 3 (Rules of Origin) is being nullified or impaired as a result of a measure that is not inconsistent with this Agreement.

Article 18.3. CHOICE OF FORUM

1. Where a dispute arises concerning any matter covered by both this Agreement and the WTO Agreement or any other free trade agreement to which both Parties are parties, the complaining Party may choose the forum in which to resolve the

dispute.

2. Once the complaining Party has requested the establishment of a dispute settlement panel under an agreement referred to in paragraph 1, the selected forum shall be exclusive of other forums.

Article 18.4. MUTUALLY AGREED SOLUTIONS

The Parties may at any time reach a mutually agreed solution to a dispute under this Chapter. The Parties shall jointly notify the Joint Committee of such solution. Upon notification of the mutually agreed solution, any dispute settlement proceedings under this Chapter shall be terminated.

Article 18.5. CONSULTATIONS

1. Any dispute concerning any matter referred to in Article 18.2 shall, to the extent possible, be resolved through consultations in good faith with the aim of reaching a mutually agreed solution between the Parties.

2. Any request for consultations shall be made in writing and shall state the reasons for the request, including identification of the measures at issue, and a reference to the legal basis for the request, including the provisions of the Agreement that it considers applicable.

3. If a request for consultations is made pursuant to paragraph 2, the Party to which the request is addressed shall respond within 15 days of the date of receipt of the request and shall enter into consultations within 30 days of receipt of the request, with a view to reaching a mutually satisfactory solution.

4. Consultations on urgent cases, including those involving perishable or seasonal goods, or goods or services that rapidly lose their commercial value, such as certain seasonal goods or services, shall be held within 15 days of the date of receipt of the request and shall be considered concluded within 25 days of the date of receipt of the request.

5. Consultations shall be held in the territory of the Party complained against, unless the Parties agree otherwise, or by any available technological means agreed upon by the Parties.

6. The Parties shall make every effort to reach a mutually satisfactory solution to any matter through consultations. To this end, the Parties shall:

(a) provide sufficient information, to the extent reasonably available at the consultation stage, to permit a full examination of the measure alleged to affect the implementation of the Agreement; and

(b) treat as confidential any information, including documents prepared specifically for the consultations, that is exchanged during the consultations, without prejudice to the rights of either Party in subsequent proceedings.

Article 18.6. REFERRAL TO A DISPUTE SETTLEMENT PANEL

1. Unless the Parties decide otherwise, the complaining Party may refer a matter covered by Article 18.5 to a dispute settlement panel if the matter has not been resolved:

(a) within 55 days of the date of receipt of the request for consultations; or

(b) within 25 days of the date of receipt of the request for matters covered by paragraph 4 of Article 18.5.

2. The complaining Party shall deliver written notice of the referral to the Coordinator of the other Party, identifying the specific measure or other matter at issue and providing a brief summary of the legal basis for the complaint sufficient to present the issue clearly.

Article 18.7. GOOD OFFICES, CONCILIATION, AND MEDIATION

1. The Parties may decide at any time to resort to an alternative method of dispute settlement, such as good offices, conciliation, or mediation.

2. Either Party may at any time initiate, suspend, or terminate the procedures established under this Article.

3. Proceedings involving good offices, conciliation, or mediation, including documents prepared specifically for the purposes of such proceedings, shall be confidential and without prejudice to the rights of the Parties in other proceedings.

4. Once the good offices, conciliation, or mediation procedures have been concluded without an agreement having been reached between the Parties, the complaining Party may request the establishment of a panel.

Article 18.8. RULES OF PROCEDURE AND CODE OF CONDUCT

1. The Rules of Procedure in Annex 18-A and the Code of Conduct in Annex 18-B shall apply to all proceedings initiated under this Chapter, unless the Parties agree otherwise.

2. The Rules of Procedure and the Code of Conduct may be amended by decision of the Joint Committee.

Article 18.9. APPOINTMENT OF THE PANEL

1. The panel shall be composed of three panelists.

2. Within 30 days of the date of receipt of the notification referred to in Article 18.6, each Party shall notify the other Party of the appointment of a panelist and shall propose up to four candidates to serve as chair of the panel. If a Party fails to appoint its panelist within this period, the panelist shall be appointed by the other Party from among the candidates proposed for chair by the Party that did not make the appointment, if such a list exists, or, in the absence of such a list, from among the candidates proposed by the other Party.

3. The Parties shall, within 45 days of the date of receipt of the notification referred to in Article 18.6, endeavor to agree on a panelist from among the candidates proposed to serve as chair. If the Parties fail to agree on the chair within that period, within seven days thereafter the chair shall be selected by lot from among the proposed candidates in the presence of representatives of both Parties.

4. If a panelist appointed by a Party withdraws, is removed, or is unable to continue to perform his or her duties, that Party shall appoint a replacement within 30 days, and in urgent cases within 15 days, in which case the replacement shall be appointed by the other Party from the list of candidates proposed for the chairmanship in accordance with the second sentence of paragraph 2.

5. If the chairperson of the panel withdraws, is removed, or is unable to continue to perform his or her functions, the Parties shall endeavor to agree on the appointment of a replacement within 30 days and, in urgent cases, including those involving perishable or seasonal goods, or goods or services that rapidly lose their commercial value, within 15 days. If the Parties fail to agree on the appointment of the chair within that period, within seven days thereafter the chair shall be selected by lot from among the proposed candidates in the presence of representatives of both Parties.

6. If an appointment under paragraphs 4 or 5 requires selection from the list of proposed candidates for the chair and no candidates are available, cach Party shall propose up to three additional candidates within 30 days, and within seven days thereafter, the chair shall be selected by lot from among the proposed candidates in the presence of representatives of both Parties.

7. The removal of a panelist may only be carried out for the reasons and in accordance with the procedures set forth in Rules 50 to 52 of the Rules of Procedure in Annex 18-A.

8. Any time limit applicable to the proceedings shall be suspended from the date on which a panelist or the chairperson withdraws, is removed, or is unable to continue to perform his or her duties, and shall resume on the date on which a replacement is appointed.

9. The panel shall be deemed to be established on the date of appointment of the last panelist.

Article 18.10. QUALIFICATIONS OF PANELISTS

1. All panelists shall:

(a) have knowledge or experience in law, international trade, other matters covered by this Agreement, or in the resolution of disputes arising from international trade agreements;

(b) be selected strictly on the basis of objectivity, impartiality, reliability, and sound judgment;

(c) be independent of, and not affiliated with or receiving instructions from, either Party;

(d) be nationals of States that maintain diplomatic relations with both Parties,

(e) comply with the Code of Conduct in Annex 18-B; and

(f) not have participated in an alternative dispute resolution procedure under Article 18.7 with respect to the same dispute.

2. The chair shall also have experience in dispute settlement proceedings.

3. Panelists proposed to serve as chair shall not be nationals of either Party nor have their habitual place of residence in the territory of either Party.

4. Unless the Parties agree otherwise in a specific case, the panelists appointed by each Party shall not be nationals of the appointing Party nor have their usual place of residence in its territory.

Article 18.11. REQUEST FOR ESTABLISHMENT OF A PANEL

1. The complaining Party may request the establishment of a panel if:

(a) the Party complained against does not respond to the request for consultations within the time limits set out in this Chapter;

(b) consultations are not held within 55 days of receipt of the request for consultations, or within 25 days where the matter concerns urgent cases, including those involving perishable goods or goods and services that rapidly lose their commercial value, such as certain seasonal goods or services; or

(c) the Parties are unable to resolve the dispute through consultations within 55 days of the date of receipt of the request for consultations.

2. Requests for the establishment of a panel shall be made in writing to the Party complained against. The complaining Party shall identify in its request the specific measure at issue and explain how that measure constitutes a violation of the provisions of this Agreement in a manner that clearly presents the legal basis for the complaint, including an indication of the relevant provisions of this Agreement.

3. A Party may not request the establishment of a panel to examine a proposed measure.

4. The request for the establishment of a panel referred to in this Article shall constitute the terms of reference of the panel, unless the Parties agree otherwise.

5. Unless the Parties agree otherwise, the panel shall be established and shall perform its functions in accordance with the provisions of this Chapter.

Article 18.12. FUNCTIONS OF THE PANEL

1. The function of a panel shall be to make an objective assessment of the matter submitted to it, in accordance with the request for establishment of the panel, including an examination of the facts of the case and their applicability and consistency with this Agreement. If the panel determines that a measure is inconsistent with a provision of this Agreement, it shall recommend that the Party complained against adjust the measure in accordance with that provision. The panel may, at the request of the Parties to the dispute, make recommendations (1) for the resolution of the dispute.

(1) For greater certainty, recommendations shall not include the payment of monetary compensation.

2. The panel shall base its reports on the relevant provisions of this Agreement and on the information presented during the proceedings, including written submissions, evidence, and arguments presented at the hearings.

3. The panels established under this Chapter shall interpret the provisions of this Agreement in accordance with the customary rules of interpretation of public international law applicable, as reflected in the Vienna Convention on the Law of Treaties, done at Vienna on May 23, 1969. The panel shall not add to or diminish the tights and obligations contained in this Agreement.

Article 18.13. PANEL PROCEDURES

1. Unless the Parties agree otherwise, the panel shall apply the Rules of Procedure attached as Annex 18-A, which shall ensure:

(a) the confidentiality of the proceedings and of all written submissions to, and communications with, the panel;

(b) subject to paragraph (f), any hearing before the panel shall be open to the public;

(c) the right to at least one hearing before the panel;

(d) the opportunity for each Party to submit initial and reply briefs;

(e) the panel's authority to request information, technical advice, and expert opinions; and

(f) the protection of information designated by cither Party as confidential.

2. A panel, in consultation with the Parties, may establish supplementary rules of procedure that are not inconsistent with the provisions of this Chapter and that ensure equitable treatment of the Parties.

3. A panel shall adopt its decisions by consensus. If a panel cannot reach consensus, it shall adopt its decisions by majority vote. Panelists may submit separate opinions on issues that have not been decided unanimously. The panel shall not disclose which panelists are associated with majority or minority votes.

4. The venue for the panel proceedings shall be decided by mutual agreement between the Parties. If the Parties fail to reach agreement, the venue shall be San JosÃ© if the complaining Party is Israel and Jerusalem if the complaining Party is Costa Rica. The complaining Party may decide to hold the meeting at a different venue.

5. Unless the Parties agree otherwise within 15 days of the date of receipt by the Party complained against of the notification referred to in Article 18.6, the terms of reference of the panel shall be as follows:

"To examine, in light of the relevant provisions of this Agreement, the matter set forth in the notification referred to in Article 18.6, and to make findings, determinations, and, where appropriate, recommendations, in accordance with Articles 18.12 and 18.14."

6. If the complaining Party alleges that a benefit has been nullified, the terms of reference of the panel shall indicate this.

7. If a Party wishes the panel to determine the extent of the adverse trade effects of a measure that has been found to be inconsistent with the obligations of this Agreement or of a measure that has been determined to cause nullification or impairment within the meaning of Article 18.2(c), the terms of reference of the panel shall so indicate.

8. The panel may request information and technical advice, subject to the Rules of Procedure in Annex 18-A.

9. The panel may rule on its own jurisdiction.

10. The panel may delegate to the chair the authority to make administrative and procedural decisions.

11. The panel, in consultation with the Parties, may, in light of unforeseen circumstances, modify a time limit applicable in panel proceedings and make other procedural or administrative adjustments as necessary to ensure the fairness or efficiency of the proceedings.

12. If a Party considers that a matter constitutes an urgent case, including a case involving goods that rapidly lose their commercial value, such as perishable or seasonal goods, that Party may submit a reasoned request to the panel for accelerated timelines in the proceedings. Upon receiving such a request, the panel shall provide the other Party with an opportunity to comment and shall issue its decision on whether to apply the expedited time frame within 10 days after the appointment of the last panelist.

13. All proceedings shall be conducted in English or in another language if so decided by the Parties.

Article 18.14. PANEL REPORTS

1. The panel shall issue reports in accordance with the provisions of this Chapter and its annexes and shall take into account, among other things, the written submissions and arguments of the Parties.

2. Where the panel considers that it cannot issue the initial report within 90 days, it shall inform the Parties in writing of the reasons for the delay and indicate the estimated period within which it will issue the report. Under no circumstances shall the initial report be issued later than 120 days after the date of establishment of the panel.

3. The panel's initial report shall be confidential.

4. Each Party may submit written comments to the panel on its initial report within 30 days of the report's submission or

within any other time period agreed upon by the Parties. Such comments shall be provided to the other Party. After considering the Parties' written comments on the initial report, the panel may request additional opinions from a Party, modify its report, and conduct any other review it deems appropriate.

5. The panel shall submit a final report to the Parties, including any separate opinions on matters not agreed upon unanimously, within 45 days, and in urgent cases within 30 days, of the submission of the initial report.

6. Unless the Parties agree otherwise, the panel shall submit to the Parties, within 90 days of the appointment of the chair, or within 60 days in urgent cases, an initial report containing its findings of fact and its determination regarding:

(i) whether the measure at issue is inconsistent with the obligations of this Agreement;

(ii) whether the Party has otherwise failed to fulfill its obligations under this Agreement; or

(ii) whether the measure at issue is causing nullification or impairment within the meaning of subparagraph c of Article 18.2; and

(b) any other findings or determinations requested in the terms of reference, as well as the reasons for its findings and determinations.

7. The final report of a panel shall be final and binding on the Parties.

8. In urgent cases, including cases involving goods that rapidly lose their commercial value, such as perishable or seasonal goods, the panel shall make every effort to issue its initial report within 60 days of its establishment. Under no circumstances shall the initial report be issued later than 75 days after the establishment of the panel. If a Party so requests, the panel shall issue a preliminary decision within 10 days of its establishment on whether it considers the case to be urgent.

9. Unless the Parties agree otherwise, the final report of the panel shall be made publicly available, in whole or in part, within 15 days after its submission to the Parties, subject to the protection of confidential information.

Article 18.15. REQUEST FOR CLARIFICATION OF THE REPORT

1. Within 10 days after the issuance of the report, a Party may submit a written request to the panel for clarification of any determination or recommendation contained in the report that it considers ambiguous. The panel shall respond to the request within 10 days after the submission of such request.

2. The submission of a request under paragraph 1 shall not affect the time limits referred to in Articles 18.17 and 18.18 unless the panel decides otherwise.

Article 18.16. SUSPENSION AND TERMINATION OF THE PROCEDURE

1. When the Parties so agree, the panel may suspend its work at any time for a period not exceeding 12 months from the date of such agreement. Within this period, the suspended panel shall resume at the request of either Party. If the work of the panel has been suspended for more than 12 months, the authority to establish the panel shall expire, unless the Parties agree otherwise. If the authority expires and no solution has been reached, a Party may request a new proceeding with respect to the same measure.

2. The Parties may agree to terminate the proceedings of a panel established under this Chapter if a mutually satisfactory solution to the dispute has been found. In such a case, the Parties shall jointly notify the chair of the panel. If a Party considers that the other Party has not complied with the mutually satisfactory solution reached between the Parties, a Party may request a new proceeding with respect to the same measure at a later date.

3. Before the panel issues its final report, it may, at any stage of the proceedings, propose to the Parties that the dispute be resolved amicably.

Article 18.17. IMPLEMENTATION OF THE FINAL REPORT, COMPENSATION, AND NON-COMPLIANCE - SUSPENSION OF BENEFITS

1. A Party shall promptly comply with the determination or recommendations, if any, contained in the panel's final report.

2. If immediate compliance is not feasible, the Parties shall endeavor to agree on a reasonable period of time for compliance. If no such agreement is reached within 30 days of the date of issuance of the final report, either Party may

request the original panel to determine the length of the reasonable period of time, in light of the particular circumstances of the case. A guide for the panel shall be that the reasonable period of time to comply with the determination or recommendation shall not exceed 12 months from the date the final report was issued. The panel's decision shall be issued within 30 days of such request.

3. In the event of disagreement as to whether a measure complies with the determination or recommendation in the final report or as to the consistency of such measure with the panel's determination or recommendation, such dispute shall be decided by the original Panel before compensation may be requested or the suspension of benefits applied in accordance with Article 18.16. In the event that the original Panel, or any of its members, is unavailable, the procedures set forth in Article 18.9 shall apply. The panel's decision shall normally be issued within 45 days.

4. Benefits shall not be suspended until the Panel has issued its decision in accordance with paragraph 3.

5. When considering which benefits to suspend, the complaining Party shall first seck to suspend benefits in the same sector or sectors affected by the measure or matter that the panel has determined to be inconsistent with this Agreement. The complaining Party that considers it impractical or ineffective to suspend benefits in the same sector or sectors may suspend benefits in other sectors, but only in an amount economically equivalent to those affected by the measure that the panel has determined to be inconsistent with this Agreement.

6. Compensation and suspension of benefits shall be temporary measures and may only be applied by the complaining Party until the measure determined to be inconsistent with this Agreement has been withdrawn or modified so as to bring it into conformity with this Agreement, or until the Parties have resolved the dispute by other means.

Article 18.18. REVIEW OF COMPLIANCE

1. Without prejudice to the procedures set out in Article 18.17.3, if the Party complained against considers that it has removed the non-conformity, it may refer the matter to the original Panel by written notification to the complaining Party. The Panel shall reconvene as soon as possible after the delivery of the request and shall issue its report on the matter within 60 days of the Party complained against submitting the notification.

2. If the Panel decides that the Party complained against has eliminated the non- conformity, the Complaining Party shall promptly restore any benefits suspended under Article 18.17.

Article 18.19. TIME LIMITS

All time limits set out in this Chapter may be shortened, waived, or extended by agreement between the Parties.

Article 18.20. REMUNERATION AND EXPENSES

1. The remuneration and expenses of the panel shall be borne equally by the Parties.

2. Each Party shall bear its own legal expenses and costs in the panel proceedings.

Article 18.21. REFERRAL OF MATTERS ARISING FROM JUDICIAL OR ADMINISTRATIVE PROCEEDINGS

1. If a question of interpretation or application of this Agreement arises in a domestic judicial or administrative proceeding of a Party that either Party considers warrants its intervention, or if a court or administrative entity requests the opinion of a Party, that Party shall notify the other Party. The Joint Committee shall endeavor to decide on an appropriate response as promptly as possible.

2. The Party in whose territory the court or administrative body is located shall present any interpretation by the Joint Committee to that court or body, in accordance with the rules of that forum.

3. If the Joint Committee is unable to reach a decision on the interpretation, each Party may submit its own opinion to the court or administrative body, in accordance with the rules of that forum.

Article 18.22. RIGHTS OF INDIVIDUALS

A Party shall not, under its law, grant a right of action against the other Party on the grounds that an act or omission of that other Party is inconsistent with this Agreement.

ANNEX 18-A. RULES OF PROCEDURE FOR THE PANEL

APPLICATION

1. The following Rules of Procedure are established pursuant to Article 18.8 and shall apply to panel proceedings under this Chapter, unless the Parties agree otherwise.

2. Any reference in these Rules of Procedure to an Article shall be understood to refer to the corresponding article in the Chapter.

DEFINITIONS

3. For the purposes of this Annex:

advisor means any person appointed by a Party to advise or assist that Party in connection with the panel proceedings;

assistant means any person who, under the terms of appointment of a panelist, conducts research or provides other professional or administrative support to any panelist.

Chapter means Chapter 18 (Dispute Settlement) of this Agreement;

Code of Conduct means the Code of Conduct set out as Annex 18-B (Code of Conduct);

complaining Party means the Party requesting the establishment of a panel;

day means a calendar day;

expert means any individual who provides information, technical advice, or expert opinion requested by the panel;

holiday means any Friday, Saturday, Sunday, and any other day officially designated as a holiday by a Party;

Panel means a panel established under Article 18.9;

panelist means a member of the panel established under Article 18.9;

Responding Party means a Party that receives the request for the establishment of a panel;

proceedings means the proceedings of the panel;

representative of a Party means an employee or any person designated by a government department or agency or any other governmental entity of a Party; and

staff means persons under the direction or control of a panelist or the panel, other than assistants.

ADMINISTRATION OF THE PROCEEDINGS

4. The Party in whose territory the proceedings take place shall be responsible for the logistical administration of the dispute settlement proceedings, in particular the organization of hearings, unless the Parties agree otherwise.

COMPOSITION OF THE PANEL

5. The date of appointment of a panelist shall be deemed to be the date on which the candidate submits electronically to the Parties his or her written acceptance, the commitment form attached to this Annex, and the form attached to Annex 18-B. If the candidate does not communicate his or her acceptance within two days after the candidate was informed of his or her designation, the candidate shall be deemed not to have accepted the appointment.

6. Upon the designation of a candidate to serve as a panelist, the complaining Party shall promptly inform the candidate of his or her designation as a panelist.

7. Under the circumstances described in paragraphs 4 and 5 of Article 18.9, a replacement panelist shall be appointed as expeditiously as possible in accordance with the procedure under Article 18.9. Any time limits applicable to the proceedings shall be suspended until the date of appointment of the replacement.

8. A panel shall be composed of individuals who are nationals of a state with which both Parties maintain diplomatic relations.

9. Panelists proposed to serve as chair shall not be nationals of either Party nor have their usual place of residence in the

territory of either Party.

10. Unless the Parties agree otherwise in a specific case, the panelists appointed by each Party shall not be nationals of the Party appointing them nor have their usual place of residence in its territory.

WRITTEN SUBMISSIONS AND OTHER DOCUMENTS

11. The Parties and the panel shall deliver any written submissions, requests, notifications, or other documents by delivery against receipt, certified mail, courier, fax transmission, email, or any other means of telecommunication that provides a proof of delivery. When a Party or the panel delivers physical copies of written submissions or any other documents related to the panel proceedings, it shall simultaneously deliver an electronic version of such communications or documents.

12. The Parties shall simultaneously deliver a copy of their written submissions and any other documents to the other Party and to each of the panelists.

13. A Party may, at any time, correct minor typographical errors in any written pleading, motion, notice, or other document related to the proceedings by delivering a new document clearly indicating the changes.

14. Written pleadings, motions, notices, or other documents of any kind shall be delivered electronically whenever possible and shall be deemed received on the date the electronic version thereof is received.

15. Time limits shall be counted from the day following the date of receipt of such submission of documents.

16. Where a time limit referred to in Chapter 18 or in this Annex begins or ends on a holiday designated by a Party or on any other day on which the government offices of that Party are closed by order of the government or due to force majeure, it shall be deemed to have begun or ended on the next business day. The Parties shall exchange a list of the dates of their official holidays for the following year on the first Monday of each December.

PROCEDURAL TIMELINE

17. After consulting with the Parties, the panel shall, as soon as possible and as soon as practicable after the composition and terms of reference of the panel have been agreed, establish the procedural calendar of the panel, taking into account the provisions of paragraph 12 of Article 18.13, if applicable.

18. In determining the timetable for the panel proceedings, the panel shall allow sufficient time for the parties to the dispute to prepare their submissions, taking into account, among other things, their holidays, working days, and other circumstances that may be relevant to a Party's ability to comply with the timetable determined by the panel.

19. Without prejudice to the provisions of Rule 18, the panel may modify the timetable on its own initiative or after consulting the Parties and, in any case, shall promptly notify the Parties in writing of any modification.

20. When, as a result of the provisions of Rules 15 and 16, the date of receipt of a document by each of the Parties is different, any time limit calculated in relation to the receipt of that document shall be counted in calendar days, the first day being the day following the act or event to which it refers.

BURDEN OF PROOF

21. A Party claiming that a measure of the other Party is inconsistent with the provisions of this Agreement, or that the other Party has otherwise failed to fulfill its obligations under this Agreement, or that benefits under this Agreement that the Party could reasonably have expected to receive are nullified or impaired, shall bear the burden of proving its claims.

22. A Party claiming that a measure is subject to an exception under this Agreement shall bear the burden of proving that the exception applies.

INITIATION OF THE DISPUTE

23. Unless the Parties agree otherwise, the panel shall contact the Parties within seven days of its establishment to determine any procedural matters that the Parties or the panel deem appropriate.

REASONED OBJECTION TO A PANELIST

24. When a Party raises a reasoned objection to a panelist or the chairperson regarding their compliance with the Code of Conduct, it shall send written notice to the other Party setting forth its reasons based on clear evidence of a violation of the Code of Conduct.

25. The Parties shall consult on the matter and reach a conclusion within seven days of receiving such notification:

(a) if the Parties agree that there is evidence of a violation of the Code of Conduct, they shall remove the panelist or chair and select a replacement in accordance with paragraphs 4 and 5 of Article 18.9; or

(b) if the Parties do not agree on the existence of evidence of a violation of the Code of Conduct by a panelist, either Party may request the panel chair to examine and resolve this issue. If the challenge is brought against the panel chair, the matter shall be examined by the other two panelists. If the two panelists do not agree, the chair shall be removed. The decision made under this rule is final. The selection of the new panelist or chair shall be made in accordance with paragraphs 4 and 5 of Article 18.9.

INITIAL AND REPLY BRIEFS

26. The complaining Party shall deliver its initial written submission to the responding Party and to each of the panelists no later than 15 days after the date of establishment of the panel.

27. The written submission shall contain the following:

(a) the designation of an authorized representative;

(b) the service address, telephone and fax numbers, and email addresses to which communications arising in the course of the proceedings will be sent;

(c) a summary of the relevant facts and circumstances;

(d) the Party's claim, clearly stated, including identification of the measures at issue, the relevant provisions of this Agreement, an indication of the legal basis for the claim, and a request for a panel report;

(e) supporting evidence, including information, technical advice, or expert opinion, and specification of other evidence that cannot be produced at the time of filing but will be presented to the panel before or during the first hearing; and

(f) date and signature.

28. The respondent shall then submit its written reply to the complainant and to each of the panelists no later than 30 days after the date of receipt of the initial written submission.

29. The reply shall contain the following:

(a) the designation of an authorized representative;

(b) the address for service, telephone and fax numbers, and email addresses to which communications arising in the course of the proceedings shall be sent.

(c) the facts and arguments on which your defense is based;

(d) supporting evidence, including information, technical advice, or expert opinion, and specification of other evidence that cannot be produced at the time of filing but will be presented to the panel before or during the first hearing; and

(e) date and signature.

FUNCTIONING OF THE PANEL

30. The chair of the panel shall preside at all its meetings. A panel may delegate to the chair the authority to make administrative and procedural decisions.

31. Unless otherwise provided in these Rules of Procedure, the panel may conduct its activities by any appropriate means, including technological means such as telephone or videoconferencing, provided that the right of the Parties to participate effectively in the proceedings is maintained.

32. The panel shall keep minutes of the meetings held during each proceeding, which shall be kept in the records of the dispute.

33. Only panelists may participate in the panel's deliberations. The panel may, after consultation with the Parties, allow, if necessary, the presence of assistants, interpreters, translators, or stenographers during its deliberations.

34. The panelists and persons appointed by the panel shall maintain the confidentiality of the panel proceedings, including their deliberations and any information protected pursuant to subparagraphs (a) and (d) of Article 18.13, the Appendix to Annex 18-A (Form of Commitment), and rules 46 and 47 of this Annex.

35. The panel, in consultation with the Parties, may appoint:

(a) an assistant, interpreter, or translator, and a stenographer, as necessary for the performance of its functions; and

(b) upon agreement of the Parties, such additional persons as it deems necessary for the proceeding.

36. Where a procedural issue arises that is not covered by these Rules of Procedure, the panel, after consultation with the Parties, may adopt an appropriate procedure that is consistent with this Agreement and this Annex and that ensures equal treatment of the Parties.

37. The panel, with the agreement of the Parties, may modify the time limits applicable to the proceedings and make any procedural or administrative adjustments that may be necessary during the proceedings.

INFORMATION, TECHNICAL ADVICE, AND EXPERT OPINIONS

38. At the request of a Party, or on its own initiative, the panel may seek information, technical advice, or expert opinions from any person it deems appropriate, subject to rules 38 through 45 and any additional terms and conditions agreed by the Parties. The requirements set out in paragraph 1(a) of Article 18.13 shall apply to these experts, as appropriate.

39. Before the panel requests information, technical advice, or expert opinions pursuant to rule 38, it shall notify the Parties of its intention to request information, technical advice, or expert opinions, allow them a reasonable period of time to submit comments, and take those comments into account.

40. In the notification referred to in Rule 39, the panel shall provide duly justified reasons for requesting information, technical advice, or expert opinions, and identify the person or body from whom the information, technical advice, or expert opinion is requested.

41. The panel shall only request information, technical advice, or expert opinions in relation to the questions of fact or law that have been submitted to it.

42. The panel shall provide the Parties with a copy of any information, technical advice, or expert opinions received under rule 38 and shall allow them a reasonable period of time to submit their comments.

43. When the panel takes into consideration the information, technical advice, or expert opinions received under Rule 38 in preparing its report, it shall also take into consideration any comments or observations submitted by the Parties with respect to such information, technical advice, or expert opinions.

44. The panel shall set a reasonable time limit for the submission of information, technical advice, or expert opinions requested under Rule 38, which shall not exceed 45 days, unless the Parties agree otherwise.

45. When requesting information, technical advice, or expert opinions under rule 38, a panel may suspend any time limit applicable to the proceedings until the date on which the panel receives the information, technical advice, or expert opinions.

CONFIDENTIALITY

46. All documentation, decisions, and proceedings related to the proceedings established in the Chapter, as well as meetings, hearings, deliberations, and sessions of the panel, shall be confidential, except for the panel report. However, the report shall not include any information submitted by the Parties to the panel that either Party designates as confidential.

47. The Parties shall take all reasonable measures to ensure that their representatives, advisers, and any person or body having access to the proceedings on their behalf maintain the confidentiality of all communications, decisions, and proceedings related to the procedure established in the Chapter, as well as the meetings, hearings, and sessions of the panel, except for the panel report.

48. Nothing in these Rules of Procedure shall prevent a Party from making public its own statements of position.

REMOVAL OF A PANELIST

49. Where a Party considers that a panelist or the chairperson does not comply with the requirements of the Code of Conduct and should therefore be removed, that Party shall notify immediately notify the other Party. Upon receipt of such notification, the Parties shall consult and, if they so decide, replace the panelist or chairperson and select a replacement.

50. If the Parties fail to reach a decision on the need to replace a panelist, either Party may request that the matter be referred to the chair of the panel, whose decision shall be final. The chair shall issue a decision within 10 days of the request.

51. If the panel members fail to agree on a decision within 10 days of the request on the need to replace the chair, either Party may request that the matter be referred to one of the remaining candidates designated to act as chair under paragraph 3 of Article 18.9. That person's name shall be chosen by lot by the chair or his or her delegate. This person's decision on the need to replace the chair shall be final.

HEARINGS

52. Each Party shall be entitled to at least one hearing before the panel. The panel may hold additional hearings if the Parties so agree.

53. Unless the Parties agree otherwise, hearings shall be held in the territory of the respondent Party. The Party in whose territory the proceedings are held shall be responsible for the logistical administration of the proceedings, including the venue, the assistance of interpreters and other necessary persons, unless the Parties agree otherwise.

54. The chair shall set the date and time of the hearings in consultation with the Parties and the other panelists, and shall then notify the Parties in writing of such dates and times no later than 45 days before the hearings, in accordance with the schedule established by the panel.

55. All panel members shall be present throughout the hearings.

56. The hearings, deliberations, sessions, and meetings of the panel shall be held in camera.

However, the following persons may attend the hearings:

(a) representatives;

(b) advisors;

(c) staff and translators;

(d) assistants; and

(e) court stenographers.

57. Only representatives and advisors may address the panel.

58. No later than five days before the hearing date, each Party shall submit a list of the names of the persons who will make oral arguments or presentations at the hearing on behalf of that Party, as well as other representatives or advisors who will attend the hearing.

59. Each hearing shall be conducted by the panel in a manner that ensures that the complaining Party and the Party complained against have equal time to present their arguments, rebuttals, and counter-rebuttals.

60. The panel may address questions to either Party at any time during the hearing.

61. The panel shall ensure that a transcript of each hearing is prepared and shall provide a copy to each Party as soon as possible.

62. Each Party may submit a written supplemental brief on any issue that arose during the hearing within 10 days of the date of the conclusion of the hearing, in accordance with the schedule established by the panel.

EVIDENCE

63. The Parties shall provide all evidence as soon as possible, preferably with the initial submission and counter-submission, but no later than during the first hearing, except for evidence related to rebuttals, responses to questions, and comments on responses provided by the other Party. Exceptions to this procedure shall be granted by the panel upon demonstration of good cause. In such cases, the other Party shall be given a period of time to comment, as the panel deems appropriate, on the newly submitted evidence.

64. All evidence submitted by the Parties shall be kept in the dispute file maintained by the chair of the panel.

65. If the Parties so request, the panel shall hear witnesses or experts, in the presence of the Parties, during the hearings.

WRITTEN QUESTIONS

66. The panel may, at any time during the proceedings, ask one or both Parties questions in writing and set a time limit for

the submission of responses. The Parties shall receive a copy of any questions asked by the panel.

67. A Party shall submit its written response to the panel and provide a copy of its response to the other Party. The other Party shall be given an opportunity to submit written comments in writing on the other Party's response within 10 days of receiving it, in accordance with the schedule established by the panel.

FUTURE COURSE OF THE PROCEEDINGS

68. When a Party fails to submit its initial written argument in a timely manner, fails to appear at a scheduled hearing, or otherwise fails to comply with the procedures without justifiable and sufficient cause, the panel, after evaluating the aforementioned circumstances, shall decide on its effect on the future of the proceedings.

PANEL REPORTS

69. Panel reports shall contain the following details, in addition to the elements provided for in paragraph 6 of Article 18.14 and any other elements that the panel deems appropriate:

(a) the parties to the dispute;

(b) the name of each panelist and the date of establishment of the panel;

(c) the names of the representatives of the Parties;

(d) the measures subject to the proceedings;

(e) information on the conduct of the dispute settlement proceedings, including a summary of the arguments of each of the Parties;

(f) the decision adopted, indicating its factual and legal basis;

(g) the date and place of issuance; and

(h) the signatures of all panelists.

70. A panel shall adopt its decisions by consensus. If a panel cannot reach consensus, it shall adopt its decisions by majority vote. Panelists may issue separate opinions on issues not decided unanimously. The panel shall not disclose which panelists are associated with majority or minority votes.

EX PARTE CONTACTS

71. The panel shall refrain from meeting or communicating with one Party in the absence of the other Party.

72. A panelist shall not discuss any matter related to the subject matter of the proceeding with one Party in the absence of the other Party.

73. Except as provided in Rule 30, a panelist shall not discuss any matter related to the subject matter of the proceeding with the Parties in the absence of the other panelists.

LANGUAGE

74. All proceedings related to dispute resolution proceedings shall be conducted in English.

75. All documents submitted for use in any proceedings shall be in English. If any original document is not in English, the Party submitting it shall provide an English translation thereof.

COMPENSATION AND SUSPENSION OF BENEFITS

76. These Rules of Procedure shall apply to proceedings established pursuant to Article 18.11, except as follows:

(a) the Party requesting the establishment of a panel shall deliver its initial written submission to the other Party and to each of the panelists within five days of the date of constitution of the panel;

(b) the responding Party shall submit its reply within ten days of the date of the initial written submission.

(c) the panel shall set the time limit for any other written submissions; and

(d) Unless the Parties agree otherwise, the panel may decide not to convene a hearing.

URGENT CASES

77. Upon receiving a request from a Party to expedite the time limit in urgent cases in accordance with paragraph 12 of Article 18.13, the panel shall give the other Party an opportunity to comment and shall issue its decision on whether the expedited time limit will apply within 10 days of the date of such request.

78. In urgent cases referred to in paragraph 12 of Article 18.13, the panel, after consulting with the Parties, shall modify the time limits referred to in these rules as appropriate and shall notify the Parties of any adjustments made.

REMUNERATION AND PAYMENT OF EXPENSES

79. The remuneration of panelists, their assistants, and experts shall be determined by the Joint Committee.

80. Unless the Parties agree otherwise, the remuneration and expenses of panelists, assistants, and experts, including their travel and accommodation expenses, as well as all general expenses normally incurred in the routine operation of the panel, shall be borne equally by the Parties.

81. Each panelist, assistant, and expert shall keep a record and submit a final account to the Parties of his or her attendance and expenses, and the chair of the panel shall keep a record and submit a final account of all overhead expenses.

Appendix to Annex 18-A. COMMITMENT FORM

1. I acknowledge that I have received a copy of the Rules of Procedure.

2. I acknowledge that I have read and understood the Rules of Procedure.

3. I agree to comply with and respect the Procedures and, accordingly, without limitation, to

treat as confidential all confidential information that I may see or hear and to use such

information solely for the purposes of the panel proceedings.

Signed on of , 20 .

By:

Name

Signature

Annex 18-B. CODE OF CONDUCT

DEFINITIONS

1. For the purposes of this Annex:

advisor means a person engaged by a Party to advise or assist that Party in connection with the proceedings before the Panel;

Assistant means a person who, under the terms of appointment of a panelist, conducts research or provides other professional or administrative support to any panelist.

candidate means:

i) a person who is being considered for appointment or selection as a panelist, conciliator, mediator, expert, or assistant; or

ii) a person whose name appears on the list of arbitrators established pursuant to Article 18.9; or

Chapter means Chapter 18 (Dispute Settlement) of this Agreement;

conciliator and mediator mean a person who conducts a conciliation or mediation, respectively, in accordance with Article 18.7;

expert means an individual who provides information, technical advice, or expert opinion to a panel in accordance with Rules 39 through 46 of Annex 18-A;

family members means:

(i) the following relatives of the panelist or candidate: parents, grandparents, greatgrandparents, children, grandchildren, great-grandchildren, brothers, sisters,nephews, nieces, uncles, aunts, first cousins, great-uncles, and great-aunts, or the spouse of any of these individuals; and

(ii) the following relatives of the panelist's or candidate's spouse: parents, grandparents, brothers, sisters, children, and grandchildren; or

(iii) the spouse of the panelist or candidate.

panel means a panel established pursuant to Article 18.9;

panel member means a member of a panel established under Article 18.9;

proceedings means proceedings before a panel under this Agreement;

Staff means persons under the direction and control of a panelist, or the panel, other thanattendees.

RESPONSIBILITY OF PANELISTS AND CANDIDATES

2. A panelist shall avoid irregularities and the appearance of irregularity, shall be independent and impartial, shall avoid direct and indirect conflicts of interest, shall observe high standards of conduct so as to preserve the integrity and impartiality of dispute resolution under the Agreement, and shall take all appropriate measures to ensure that assistants and experts comply with this Code of Conduct. A former panelist shall observe the duties set forth in this Annex, mutatis mutandis.

3. A candidate shall not accept appointment as a panelist unless the candidate is fully satisfied with his or her ability to comply with the requirements of this Code of Conduct.

4. A panelist shall select or appoint an expert or assistant only if the panelist is fully satisfied with the expert's or assistant's ability to comply with the requirements of this Code of Conduct. Such expert or assistant shall accept the selection or appointment only if he or she is fully satisfied with his or her ability to comply with such requirements.

DISCLOSURE OBLIGATIONS

5. Prior to appointment as a panelist under this Agreement, a candidate shall disclose any interest, relationship, or matter that is likely to affect his or her independence or impartiality, or that could reasonably create an appearance of impropriety or bias in the proceeding. To that end, a candidate shall make all reasonable efforts to become aware of any such interests, relationships, and matters. The candidate shall disclose such interests, relationships, and matters by completing and submitting the Commitment Form in the Appendix to Annex 18-B to the Joint Committee for consideration by the Parties.

6. Without limiting the generality of the obligation in paragraph 5, candidates shall disclose the following interests, relationships, or matters:

(a) any financial, business, property, professional, or personal interest, direct or indirect, past or present, of the candidate:

(i) in the proceeding or its outcome; and

(ii) in an administrative, arbitral, or judicial proceeding, or in another proceeding before a tribunal or committee involving a matter that may be decided in the proceeding for which the candidate is being considered;

(b) any direct or indirect, past or present, financial, commercial, proprietary, professional, or personal interest of the candidate's employer, partner, business associate, or family member:

(i) in the proceedings or their outcome; and

(ii) in any administrative, arbitration, or judicial proceeding, or in any other proceeding before a court or committee involving matters that may be decided in the proceeding for which the candidate is being considered;

(c) any past or existing financial, commercial, professional, family, or social relationship with a person or entity that has an interest in the proceeding, or with the Party's lawyer, representative, or advisor, or any such relationship involving the candidate's employer, partner, business associate, or family members; and

(d) public practice, including personal statements of opinion, or legal or other representation in connection with a matter in dispute in the proceedings or involving the same type of goods, services, investments, or public procurement.

7. Once appointed, a panelist shall continue to make all reasonable efforts to become aware of any interests, relationships, or matters referred to in paragraphs 5 and 6 and shall disclose them in writing to the Joint Committee for consideration by the Parties. The obligation to disclose is a continuing duty, requiring a panelist to disclose any such interests, relationships, and matters that may arise during any stage of the proceeding.

8. A candidate and a panelist shall err on the side of disclosure if he or she has any doubt as to whether disclosure should be made.

9. This Annex does not determine whether or under what circumstances the Parties will disqualify a candidate or a panelist from being appointed to or serving as a member of a panel on the basis of disclosures made.

PERFORMANCE OF DUTIES BY PANELISTS

10. In addition to this Annex, a panelist shall comply with the provisions of the Chapter and Annex 18-A.

11. Upon appointment, a panelist shall perform his or her duties fully and expeditiously throughout the course of the proceeding, with impartiality and diligence.

12. A panelist shall consider only those issues raised in the proceeding and necessary for the Panel's reports and decisions and shall not delegate any of its functions to another person, except as provided in Rule 31 of the Rules of Procedure.

13. A panelist shall take all appropriate measures to ensure that his or her assistants and staff are aware of and comply with this Annex, mutatis mutandis.

14. A panelist shall not engage in ex parte communications related to the proceeding.

15. A panelist shall not communicate matters relating to actual or potential violations of this Annex unless the communication is addressed to both Parties or is necessary to determine, from a third party, whether that panelist has violated or may violate this Annex.

INDEPENDENCE AND IMPARTIALITY OF PANELISTS

16. A panelist shall be independent and impartial. A panelist shall act fairly and avoid creating an appearance of impropriety or bias.

17. A panelist shall not be influenced by self-interest, external pressure, political considerations, public pressure, loyalty to a Party, or fear of criticism.

18. A panelist shall not, directly or indirectly, incur any obligation or accept any benefit that could in any way interfere, or appear to interfere, with the proper performance of the panelist's duties.

19. A panelist shall not use his or her participation in the proceedings to promote any personal or private interest. A panelist shall avoid conduct that could create the impression that others are in a special position to influence him or her.

20. A panelist shall not allow his or her past or existing business, professional, family, or social relationships to influence his or her conduct or judgment.

21. A panelist shall avoid entering into any relationship, including a financial, business, professional, or personal relationship, that is likely to affect his or her impartiality or that could reasonably create an appearance of impropriety or bias.

22. A panelist shall perform his or her duties without accepting or seeking instructions from any international, governmental, or nongovernmental organization or any private source, and shall not have been involved in any previous stage of the dispute assigned to him or her, unless the Parties agree otherwise.

23. A panelist or former panelist shall avoid actions that may create the appearance that he or she acted with bias in the performance of his or her duties or that he or she would benefit from the Panel's reports or decisions.

CONFIDENTIALITY

24. A candidate, panelist, or former panelist shall at no time:

(a) disclose or use information that is not in the public domain relating to the proceedings, or acquired during the proceedings, except for the purposes of the proceedings or when required by law;

(b) disclose the Panel's reports or decisions or parts thereof prior to their publication in accordance with paragraph 9 of

Article 18.14;

(c) make a public statement about the proceedings; or

(d) disclose the issues in dispute, the deliberations of the Panel, or the opinion of a panelist.

25. In the event that disclosure referred to in paragraph 24(a) is required by law, the candidate, panelist, or former panelist shall provide sufficient prior notice to the Parties, and such disclosure shall not be broader than necessary to satisfy the legitimate purpose of the disclosure. In any event, a candidate, panelist, or former panelist shall not disclose or use such information that is not in the public domain to gain personal advantage or advantage for others, or to adversely affect the interests of others.

MEDIATORS, CONCILIATORS, ASSISTANTS, EXPERTS, AND STAFF

26. The provisions included in this Annex that apply to panelists shall apply, mutatis mutandis, to assistants and experts.

27. In the event of recourse to Article 18.7, the Parties shall determine which provisions of this Code of Conduct shall apply to mediators and conciliators.

28. The provisions contained in paragraphs 11, 24, and 25 of this Annex shall apply to personnel.

Appendix to Annex 18-B.

FREE TRADE AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF COSTA RICA AND THE GOVERNMENT OF THE STATE OF ISRAEL COMMITMENT FORM WITHIN THE FRAMEWORK OF THE PROCEDURE (TITLE)

I have read the Code of Conduct for dispute settlement procedures under the Free Trade Agreement between the Government of Costa Rica and the Government of the State of Israel (hereinafter the "Code of Conduct") and affirm that I comply with the rules and obligations set forth in said Code of Conduct.

To the best of my knowledge, there is no reason why I should not accept the appointment/selection as a panelist/mediator/conciliator/assistant/expert in this proceeding.

The following matters could potentially be considered factors affecting my independence or impartiality, or could create an appearance of impropriety or a perception of bias in the proceeding:

[Provide detailed information on any interests referred to in paragraph 5 and, in particular, all relevant information referred to in paragraph 6.]

I acknowledge that, once I am appointed/selected, I have a continuing duty to comply with all obligations set forth in this Code of Conduct, including making all reasonable efforts to become aware of any interest, relationship, or matter referred to in this Code of Conduct that may arise at any stage of the proceedings. I will disclose in writing any interest, relationship, or matter applicable to the Parties as soon as I become aware of it.

Signature _____

Name _____

Date _____

Chapter 19. EXCEPTIONS

Article 19.1. GENERAL EXCEPTIONS

1. For the purposes of Chapters 2 (National Treatment and Market Access for Goods), 3 (Rules of Origin), 4 (Customs Administration and Trade Facilitation), 5 (Sanitary and Phytosanitary Measures), 6 (Technical Barriers to Trade), 7 (Trade Remedies), and 12 (Intellectual Property), Article XX (General Exceptions) of the GATT 1994 is incorporated into this Agreement and forms part of it with the necessary modifications. The Parties understand that the measures referred to in Article XX(b) of the GATT 1994 include environmental measures necessary to protect human, animal, or plant life or health. The Parties further understand that Article XX(g) of the GATT 1994 applies to measures relating to the conservation of exhaustible natural resources, living or non-living.

2. For the purposes of Chapters 9 (Trade in Services) and 10 (Digital Trade) (1), Article XIV of the GATS, including its footnotes, is incorporated and forms part of this Agreement, mutatis mutandis. The Parties understand that the measures referred to

in Article XIV(b) of the GATS include environmental measures necessary to protect human, animal, and plant life or health.

(1) Article 19.1 is without prejudice to whether digital products should be classified as goods or services.

Article 19.2. NATIONAL SECURITY

Nothing in this Agreement shall be constmed to:

(a) require a Party to provide or permit access to any information the disclosure of which it determines is contrary to its essential security interests; or

(b) prevent a Party from applying measures it considers necessary for the fulfillment of its obligations under the Charter of the United Nations with respect to the maintenance or restoration of international peace and security, or for the protection of its own essential security interests, or to fulfill obligations it has accepted for the purpose of maintaining international security.

Article 19.3. TAXATION

1. Except as provided in this Article, nothing in this Agreement shall apply to tax measures.

2. Nothing in this Agreement shall affect the rights and obligations of either Party under any tax agreement. In the event of any inconsistency between this Agreement and any tax agreement, the agreement shall prevail to the extent of the inconsistency.

3. Notwithstanding paragraph 1:

(a) Article 2.3 (National Treatment) shall apply to tax measures to the same extent as Article III of the GATT 1994 and its Interpretative Notes; and

(b) Article 2.11 (Customs Duties on Exports) shall apply to taxation measures. 4. Notwithstanding paragraph 1 and subject to paragraph 2 ; (2)

(2) For greater certainty, Article XIV of the GATS applies to tax measures.

(a) Article 9.3 (Most-Favored-Nation Treatment) shall apply to tax measures to the same extent as Article VII of the GATS applies,

(b) Article 9.5 (National Treatment) shall apply to tax measures to the same extent as Article II of the GATS applies.

5. Nothing in this Agreement shall be construed to prevent a Party from adopting or enforcing any measure that:

(a) is aimed at ensuring the effective and equitable imposition and collection of direct taxes and Value Added Tax;

(b) distinguishes, in the application of the relevant provisions of domestic tax law, including those designed to ensure the taxation and collection of duties, between taxpayers who are not in the same situation, in particular with respect to their place of residence or with respect to the place where their capital is invested; or

(c) is intended to prevent tax avoidance or evasion in accordance with tax treaties, tax provisions of other agreements, or domestic tax legislation.

6. For the purposes of this Article:

(a) tax treaty means treaties, agreements, or arrangements relating wholly or mainly to taxation, including the avoidance of double taxation; and

(b) Taxes and tax measures do not include:

(i) customs duties as defined in Article 16 (General Definitions); and

(ii) the measures listed in exceptions (b) and (c) of the definition of customs duties in Article 1.6 (General Definitions).

Article 19.4. BALANCE OF PAYMENTS

1. The Parties shall endeavor to avoid the imposition of restrictive measures for balance of payments reasons.

2. A Party experiencing serious balance of payments difficulties, or under imminent threat thereof, may, in accordance with the conditions set out in GATT 1994 and the WTO Understanding on the GATT 1994 Balance of Payments Provisions, adopt trade restrictive measures, which shall be of limited duration and non-discriminatory, and shall not go beyond what is necessary to remedy the balance of payments situation.

3. The Party introducing a measure under this Article shall notify the other Party without delay.

Article 19.5. DISCLOSURE OF INFORMATION

Nothing in this Agreement shall be construed to require a Party to provide or permit access to confidential information the disclosure of which would be contrary to its laws, would impede law enforcement or otherwise be contrary to the public interest, or would prejudice the legitimate commercial interests of particular persons or enterprises, public or private.

Chapter 20. FINAL PROVISIONS

Article 20.1. ANNEXES, APPENDICES, AND FOOTNOTES

The annexes, appendices, and footnotes to this Agreement form an integral part thereof.

Article 20.2. AMENDMENTS

1. This Agreement may be amended in writing by mutual consent of the Parties.

2. Amendments to this Agreement shall become effective and form an integral part of this Agreement in accordance with the procedures set forth in Article 20.3.

Article 20.3. ENTRY INTO FORCE

This Agreement shall enter into force 60 days after the date of the last Note by which the Parties notify each other that their internal legal procedures for the entry into force of the Agreement have been completed, or on any other date agreed by the Parties.

Article 20.4. DURATION AND WITHDRAWAL

1. This Agreement shall remain in force indefinitely.

2. Either Party may withdraw from this Agreement by giving written notice to the other Party. Such withdrawal shall take effect six months after the date of receipt of such notice by the other Party.

Article 20.5. AMENDMENTS TO THE WTO AGREEMENT

1. The Parties understand that any provision of the WTO Agreement incorporated into this Agreement is incorporated with any amendment that has entered into force for both Parties at the time that provision applies.

2. If any provision of the WTO Agreement that the Parties have incorporated into this Agreement is amended, the Parties may consult on whether it is necessary to modify this Agreement in light of such amendment to the WTO Agreement.

Article 20.6. RESERVATIONS

This Agreement does not permit unilateral reservations.

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective Governments, have signed this Agreement.

Done at Jerusalem on December 8, 2025, corresponding to the 18th of Kislev in the year 5786 of the Hebrew calendar, in two original copies, each in the Spanish and English languages. The Hebrew version shall be signed on December 15, 2025, corresponding to the 25th of Kislev in the year 5786 of the Hebrew calendar. All texts are equally authentic. In case of

divergence of interpretation or any discrepancy, the English text shall prevail.

For the Government of the Republic of Costa Rica

For the Government of the State of Israel